City of Grand Rapids

Comprehensive Annual Report

year ending-June 30, 2008

GRAND RAPIDS ART MUSEUM

Pictured on this year's cover is the new Grand Rapids Art Museum, the first Gold LEED-certified art museum in the country. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System is the nationally accepted benchmark for the design and construction of high-performance, low environmental impact buildings. Filling a block in the heart of downtown Grand Rapids, its presence serves as a metaphor for the transformation that the City has undergone from a wilderness outpost to a center of design and manufacturing in less than two centuries.

This site, located only yards from the fur trading post established in 1826 by Louis Campau, the founder of Grand Rapids, this was a central site in the Village of Grand Rapids. In 1889, local financier D.A. Blodgett erected the Blodgett Building on the northeast corner of this block. Originally designed to be a multi-occupancy structure, by 1899 the entire structure was leased to a furniture exhibitor for the national furniture market, first developed and located in Grand Rapids. After the loss of that market to Chicago in the 1920's the Blodgett building was recycled into retail space, occupied in succession by two of the City's prominent department stores, Herpolsheimer's and Wurzburg's. After the second of these relocated its business to a suburban shopping mall in the 1960's, the vacant structure and its adjacent parking ramp were eventually demolished and the mostly vacant site became known as the Wurzburg block. The site, coveted by developers, but now owned by the City of Grand Rapids, attracted a number of development proposals over the years that never came to fruition.

While discussion of the future use of the site continued, the buildings from the late nineteenth century on the blocks facing the Wurzburg block on the east and north were renovated and restored to their original exterior appearance, as seen at the left edge of the photograph. The western end of the block became a public park designed by Maya Lin, opening the view to a stretch of Monroe Avenue containing several late twentieth century office buildings. Finally, in 2001, spurred by a lead gift from a retired local furniture executive, Peter M. Wege, the relocation of the Grand Rapids Art Museum to this location received wide community support. Two of the conditions attached to the Wege gift were that the building be of architectural significance and that it be LEED certified. Designed by Kulapat Yantrasast of wHY Architecture in Los Angeles, the structure achieved both objectives. Opening to design accolades in the national press it joined the long list of LEED certified buildings in West Michigan that have given the region the highest per-capita concentration of LEED certified buildings in the country. More information about the building can be found at www.artmuseumgr.org.

CITY OF GRAND RAPIDS, MICHIGAN COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

Prepared by:

Comptroller's Office Stan A. Milanowski Comptroller

Elected Officials

Mayor George Heartwell

Commissioners

Rosalynn Bliss
Walt Gutowski
James Jendrasiak
David LaGrand
Elias Lumpkins, Jr.
James White

Comptroller Stan A. Milanowski

Appointed Officials

City Manager Kurt F. Kimball

City Attorney Catherine Mish

City Treasurer Albert C. Mooney

City Clerk Lauri Parks

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grand Rapids Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

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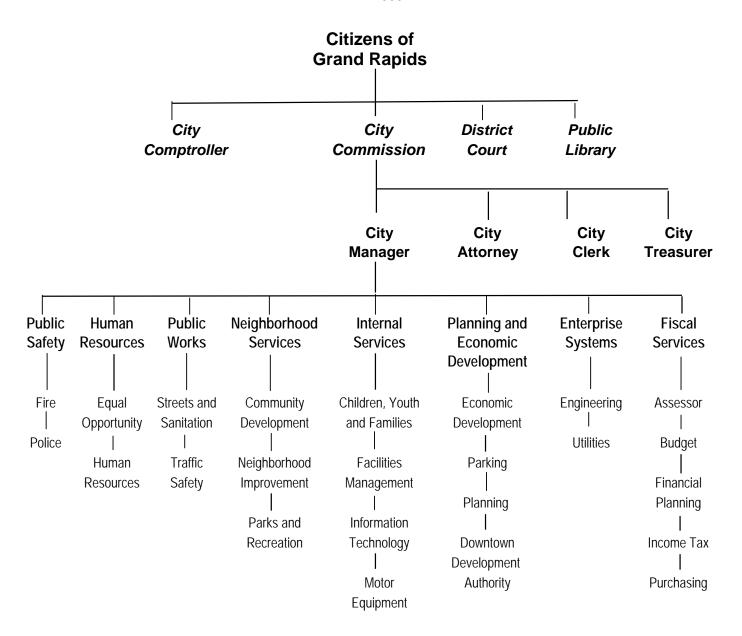
Dene S. Cox

frey R. Ener

President

Executive Director

City of Grand Rapids Organizational Chart FY2008



City Comptroller Stanley A. Milanowski



CITY OF GRAND RAPIDS

December 2, 2008

Honorable Mayor, City Commissioners and Citizens City of Grand Rapids, Michigan

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Grand Rapids, Michigan for the fiscal year ended June 30, 2008.

The City Comptroller's Office assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

BDO Seidman, LLP, independent accountants, have issued an unqualified "clean" opinion on the City of Grand Rapids' financial statements for the year ended June 30, 2008. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Grand Rapids is the second largest city in the State of Michigan and approximately the 100th largest in the United States. The City encompasses an area of nearly 45 square miles with a population of approximately 200,000. The City is the county seat of Kent County and the urban core of a four-county Metropolitan Statistical Ares that had a population of 1.1 million at the time of the 2000 census. It is located in west central Michigan, approximately 30 miles east of Lake Michigan and 65 miles west of Lansing, the State Capitol. Approximately one-half of the City's general governmental revenues are derived from local property taxes and the City income tax. The City income tax is imposed at a rate of 1.3 percent on income of City residents and 0.65 percent on income earned within the City limits by non-residents.

The City was incorporated on April 2, 1850. On August 29, 1916, the people of Grand Rapids voted to adopt a Home Rule Charter that abolished their old alderman system and replaced it with a Commission-Manager form of government. The 1916 charter is still in effect, although

it has been amended several times. All elected City offices are non-partisan. Two commissioners are elected from each of the City's three wards. The Mayor is elected-at-large. The Comptroller is elected-at-large and his office is responsible for monitoring the financial activities of the City Commission and all City departments. Terms of office are four years, with three commissioners and either the Mayor or Comptroller elected every two years. The City Manager is appointed by the City Commission to serve as the City's chief administrator, and is responsible for the coordination of all City departments and execution of City Commission policies and programs. The seven member Library Board is also elected at-large and is responsible for the operations of the library system.

The City of Grand Rapids provides its citizens with a full range of services including police, fire, inspection, economic development, street lighting, street maintenance, refuse collection, libraries and recreation. In addition, the City operates a water and sewer system that provides retail service to some 75,000 customers in the City of Grand Rapids and suburban communities as well as wholesale service to other communities that operate their own municipal water and sewer systems. The City's Traffic Safety Department is responsible for the maintenance of traffic signals throughout Kent and eastern Ottawa Counties.

The financial reporting entity includes all of the funds of the City, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The following component units are incorporated into the City's Comprehensive Annual Financial Report on either a blended or discrete basis:

Grand Rapids Building Authority (GRBA)
City of Grand Rapids General Retirement System
City of Grand Rapids Police and Fire Retirement System
Grand Rapids Downtown Development Authority (DDA)

Grand Rapids Tax Increment Financing Authority (TIFA)
Grand Rapids SmartZone Development Authority (SmartZone Authority)
Grand Rapids Brownfield Redevelopment Authority (Brownfield Authority)
State of Michigan 61st District Court (61st District Court)

Blended component units, although legally separate entities, are part of the primary government's operations and are included as part of the primary government. Accordingly, the activities of the GRBA have been blended within the primary government's activities included in the Auto Parking System and various capital projects and debt service funds of the City of Grand Rapids. The City of Grand Rapids General and Police and Fire Retirement Systems have been reported as pension trust funds within the fiduciary funds. Both pension funds are fully funded based on recent actuarial studies.

Discretely presented component units are segregated from the primary government in the government wide financial statements. This emphasizes that they are legally separate from the primary government. The DDA, the TIFA, the SmartZone, the Brownfield Authority, and the 61st District Court are reported as discretely presented component units. The City of Grand Rapids and County of Kent Joint Building Authority (JBA), the Convention Arena Authority (C/AA), and the Grand Valley Regional Biosolids Authority are also legally separate entities. These three joint ventures, two with Kent County and one with the City of Wyoming, are excluded from these financial statements.

The annual budget serves as the foundation for the City of Grand Rapids' financial planning and control. The annual budget process begins in January with departmental proposals for service delivery and required financial resources and culminates in June with a public hearing and subsequent adoption of the general appropriation act by the City Commission. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within the activities they manage. Transfers between departments, between funds, and above administrative amounts set by the City Commission need special approval from the governing body. The City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

The City of Grand Rapids is advantaged by a highly diversified local economy. As shown in the Statistical Tables, the ten largest taxpayers in the City of Grand Rapids collectively account for less than ten percent of the total taxable property within the city. The Grand Rapids Metropolitan Statistical Area (defined as Kent, Ottawa, Muskegon, and Allegan counties) has the nation's highest percentage (23%) of manufacturing employment in labor markets of 500,000 or more workers. In spite of our diversified economy, the importance of manufacturing to the local and state economies meant that Michigan never fully participated in the national recovery from the 2001 recession. The local unemployment rate has remained above the national, but below the state averages.

The present condition of the local economy has been addressed in ways that suggest a more resilient future. While manufacturing will remain one of our bedrock strengths, local leaders have been actively transitioning the economy to a new model with a larger proportion of services. An 11,000 seat arena on the south edge of downtown became the catalyst for the growth of an entertainment district. A convention center expansion created a need for more local hotel space. Local colleges have expanded in size and programs. New post-collegiate educational opportunities have been created. The sale of three locally headquartered banks eleven years ago created entrepreneurial opportunities in financial services. Two newly chartered banks passed \$1 billion in deposits in their first ten years of existence. The presence of the Van Andel Institute and wet-lab incubator space funded by the City's Smart Zone LDFA has expanded entrepreneurial opportunities in the area of the Life Sciences.

West-Michigan's furniture manufacturers have long been recognized as design innovators. A study of the characteristics of 125 leading economic regions, the *World Knowledge Completive Index*, indicates that innovation has become almost as much a part of our regional character as manufacturing. We were ranked third in automotive and mechanical engineering employment sectors, seventh in per capita research and development expenditures by business, and sixteenth in patents registered per capita. West Michigan has become America's green building capital with more LEED (Leadership in Energy and Environmental Design) buildings per capita than any other region in the country. The Business and Institutional Furniture Manufactures Association, located in Grand Rapids, is currently sponsoring the development of a national "green furniture" standard that will allow customers to extend the green standards that they are applying to construction to a building's contents.

Complementing the existing downtown convention and entertainment facilities, 2007 saw the opening of a new home for the Grand Rapids Art Museum, the addition of the 300 seat Peter Martin Wege Theatre to the existing Grand Rapids Ballet Company facilities, and a new 340 room J.W. Marriott hotel. Four developers have acquired sites near downtown and announced plans for four more hotels.

The change that will have the largest transformative effect on the City of Grand Rapids in the near future is its expansion as a regional health care center. Hi-tech facilities and their highly trained medical staffs draw patients from the entire region for the finest in medical care. The 180,000 square foot Secchia Center, future home of the Grand Rapids campus of Michigan State University Medical College, under construction in downtown Grand Rapids, will add young talent to existing local programs that are attracting nationally recognized researchers and practitioners to the Van Andel Institute, Spectrum Health Hospitals, St. Mary's Hospital, and Mary Free Bed Rehabilitation Hospital. Still under construction on adjacent sites are a 240,000 square foot addition to the Van Andel Institute to house additional laboratory and teaching space; 500,000 square feet of new medical office space; and the Helen DeVos Children's Hospital, a new 414,000 square foot pediatric hospital.

A less visible change that has the potential to have a much larger impact on the future of Grand Rapids is found in collaborative efforts to tie together our manufacturing base, our educational institutions and the new health care institutions. To support entrepreneurs in creating new

products based on local medical and life science research and to also leverage local manufacturing ability, tangible infrastructure in the form of business incubator and wet-lab space, and intangible infrastructure in the form of new organizations devoted to developing and supporting medical device and life science companies has been created in West Michigan. A similar path is being pursued in alternative and renewable energy technology that has the potential to replace many of the design and manufacturing jobs lost to the contraction of employment in the automotive and office furniture industries. In support of this latter goal, Mayor Hartwell issued a challenge to attendees at a wind energy conference in September of 2007 to make it possible for the City of Grand Rapids to raise its goal of sourcing 20% of its energy needs from renewable sources to 100%.

On the southwest edge of the City, a 200 acre surplus parcel that was a part of the Steelcase manufacturing complex has been acquired by a developer. With the assistance of local and state "Brownfield" tax credits, they plan to invest \$162 million over a five year period to redevelop the site as a mixed use development that will combine existing industrial facilities, with new commercial and residential components.

The optimism of residents and investors about the future of our City has been obvious to anyone observing private sector investment and construction activity across the City. That sense of optimism fades when observing the fiscal stress placed on City government. As our infrastructure continues to age, and the cost of purchased goods and services increases; the revenues that we have relied on being returned to the local economy from taxes extracted by state and federal governments have been shrinking while new unfunded mandates continue to be imposed on us. Various state tax limitation initiatives have restricted our ability to raise local revenues to meet local needs. Rising community needs and expectations have now crossed paths with shrinking resources. While the greater Grand Rapids area is in transition from a 20th Century to a 21st Century economy, we expect difficult financial times. The recent turmoil in international financial markets has had the immediate effect locally of increasing unemployment, forcing some residential developers out of business, causing some manufacturers to post losses, and will inevitably lead to the postponement or cancelation of planned commercial projects that have not yet secured financing. If we can overcome these short-term challenges, the future seems bright.

LONG-TERM FINANCIAL PLANNING

The City Commission adopted a new set of Budget Development Policy Assumptions and Principles in March of 2005 that are designed to clarify the long-term impact of decision making. The policy deals with four areas; approve the Annual Budget within the context of a five-year plan, on-going expenditures are matched to on-going revenues, one-time revenues are matched to one-time expenditures, withdrawals from budget stabilization are treated as one-time revenues. Now in use for a third budget year, this look-ahead allows the early identification of potential financial problems and the adjustment of programs before a potential problem can develop into a crisis. One result of this policy was the City Commission's decision to stop deficit spending in the General Fund beginning in the 2009 fiscal year. Complementing this proactive approach, the Comptroller's Office is working with departments across the City to implement new financial software that will make information available more quickly at the level of detail each user requires for effective decision making.

MAJOR INITIATIVES

A dewatering facility to reduce the environmental impact of disposing of sludge from two Wastewater Treatment Plants is currently under construction by the Grand Valley Regional Bio-solids Authority, a joint venture with our neighbor, the City of Wyoming, Final approvals, financing, and start of construction by the Grand Rapids Building Authority of a new 360 space parking ramp at the south edge of downtown is expected in the near future.

The City of Grand Rapids has partnered with Clearwire Corporation to create a broadband wireless internet access system covering the entire city. With full implementation expected in 2009, wireless internet access is expected to be available everywhere in the city using WiMax technology. Grand Rapids is scheduled to be one of the first four metropolitan markets covered by this technology. A number of free hot spots are available for visitors and discounted monthly service charges will reduce the digital-divide by allowing affordable access for low-income residents.

In response to the State of Michigan's new refundable tax credit that reimburses film maker's for 42% of the cost of film production expenses in the State of Michigan, our Office of Special Events has been expanded to offer one-stop shopping to film producers scouting locations, production assistance, local vendors, permits, etc. The effort has already netted eight weeks of on-location filming for a film titled The Fifth Mafia and a similar filming schedule for Unthinkable staring Samuel L. Jackson.

AWARDS AND ACKNOWLEGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Rapids for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. The City has received this award for over twenty years. In order to be awarded a Certificate of Achievement, a governmental unit must publish a user-friendly and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

In addition, the City has also received the GFOA's award for Distinguished Budget Presentation for the twentieth consecutive year for its budget document for the fiscal year beginning July 1, 2007. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan and as a communications medium.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Comptroller's Office. I express my appreciation to all members of the Comptroller's Office who assisted and contributed to its preparation. I would also like to thank the members of the City Commission and the City Manager and his staff for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Ston a milowowshi

Stan A. Milanowski

City Comptroller

99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

Independent Auditors' Report

The Honorable Members of the City Commission City of Grand Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the City) as of and for the year ended June 30, 2008 (December 31, 2007 for the Police and Fire Pension System), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Grand Rapids Retirement Systems which represents 99% of the total assets of the Fiduciary Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the City of Grand Rapids Retirement Systems, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information at June 30, 2008 (December 31, 2007 for the Police and Fire Pension System), and the respective changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2008 on our consideration of the City of Grand Rapids' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, the budgetary comparison schedules and the schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Grand Rapids. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As discussed in Note 8 to the financial statements, the City adopted the provisions of GASB Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions.

Grand Rapids, Michigan December 1, 2008

BDo Seilmo-, LLP

City of Grand Rapids, Michigan Management's Discussion and Analysis

As the management of the City of Grand Rapids (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the information that we have furnished in our letter of transmittal, in the introductory section of this report.

Financial Highlights

- The Net Assets of the City is the amount by which the City's assets exceeded its liabilities. At June 30, 2008, net assets totalled \$846,132,750. The unrestricted portion of this amount, \$133,492,676, may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$5,350,795 as the result of activities during the fiscal year. In governmental activities a decrease was the result depreciation of infrastructure assets and beginning partial pre-funding of retiree health care benefits. Business type activities saw increases led by modest rate and volume increases in water and sewer operations and a land sale by the auto parking system.
- At June 30, 2008, the City's governmental funds reported combined fund balances of \$71,533,465. This is a decrease of \$4,385,245 from the prior year. Of the total fund balance for governmental funds, \$27,732,683 is available for spending at the government's discretion (unreserved, undesignated fund balance).
- The unreserved and undesignated portion of the fund balance of the general fund saw a decrease of \$3,196,463. At June 30, 2008, the balance stands at 9.1% of 2008 general fund expenditures, compared with 12.4% in 2007 and a long-term goal of 15%.
- The City's total debt decreased by \$27,367,711 during the current fiscal year. Payments reducing debt totalled \$27,795,271 and new debt issues totalled \$427,560. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and urban and community development. The major business-type activities of the City include the Water Supply System, Sewage Disposal System, and the Auto Parking System.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also five legally separate authorities for which the City is financially accountable. They are a Downtown Development Authority, a Tax Increment Finance Authority, a SmartZone Authority, a Brownfield Redevelopment Authority, and the 61st District Court. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government wide statements can be found on pages 13-14 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

<u>Governmental funds</u>: Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers will better understand the long-term impact of the government's near term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight major and fifteen non-major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and all major special revenue and capital project funds. Data from the non-major governmental funds are combined in a single column presentation on the governmental funds statements. Individual fund data for each of these non-major governmental funds is provided in the *combining statements* section of this report on pages 80-84.

The City adopts an annual appropriated budget for most of its governmental funds. Budgetary comparison statements have been provided in the required supplementary information section of this report for the major funds to demonstrate compliance with this budget. Budget comparison statements have also been provided for the non major special revenue funds on page 80.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

<u>Proprietary funds</u>: The City maintains two different types of proprietary funds. <u>Enterprise funds</u> are used to report the same functions presented as <u>business-type activities</u> in the government-wide financial statements. The City uses enterprise funds to account for its Water Supply System, Sewage Disposal System, Auto Parking System, Cemeteries and Belknap Ice Arena. <u>Internal service funds</u> are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Department of Information Technology, Motor Equipment System, Facilities Management, Engineering, and the Insurance Payment Fund. The internal service funds have been allocated to both <u>business activities</u> and to <u>governmental activities</u> in the government-wide Statement of Activities.

The proprietary fund financial statements provide separate information for the major enterprise funds of the City. The non-major enterprise funds and the internal service funds are each combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and internal service funds are provided in the *combining statements* section of this report.

The basic proprietary fund financial statements can be found on pages 19-23 of this report.

<u>Fiduciary funds</u>: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for its Pension trust, Private-purpose and Agency funds.

The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-67 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents certain *required* supplementary information regarding the budgetary comparisons of the City's general fund and four major special revenue funds as well as schedules of funding progress for the City's defined benefit retirement programs. This supplementary information is contained behind its own tab following the notes to financial statements on pages 68-73 of this report.

Also included under the tab "statistical section" are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall position of the City.

Government-wide Financial Analysis

City of	Grand	Rapids'	Net Assets
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						Oity of Orana Rapids Not Assets								
		overnmental Activities 2008	(Governmental Activities 2007	Business-Type Activities 2008			Business-Type Activities 2007		Fotal Primary Government 2008		Total Primary Government 2007		
Current and other assets Capital assets, net of	\$	126,602,221	\$	126,558,172	\$	112,055,834	\$	143,427,945	\$	238,658,055	\$	269,986,117		
accumulated depreciation		454,427,676		472,646,083		676,564,421		645,291,676		1,130,992,097		1,117,937,759		
Total Assets	\$	581,029,897	\$	599,204,255	\$	788,620,255	\$	788,719,621	\$	1,369,650,152	\$	1,387,923,876		
Current liabilities Non-current liabilities Total Liabilities	\$	26,997,239 141,764,902 168,762,141	\$	23,621,595 144,560,465 168,182,060	\$	33,799,565 320,955,696 354,755,261	\$	34,056,021 334,202,250 368,258,271	\$	60,796,804 462,720,598 523,517,402	\$	57,677,616 478,762,715 536,440,331		
Net assets Invested in capital assets, net of related debt	\$	337,227,130	\$	346,049,782	\$	351,218,972	\$	343,690,232	\$	688,446,102	\$	689,740,014		
Restricted Unrestricted		5,142,104 69,898,522		4,895,900 80,076,513	· 	19,051,868 63,594,154		54,666,321 22,104,797	· 	24,193,972 133,492,676		59,562,221 102,181,310		
Total Net Assets	\$	412,267,756	\$	431,022,195	\$	433,864,994	\$	420,461,350	\$	846,132,750	\$	851,483,545		

As noted earlier, net assets serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$846,132,750 at June 30, 2008 and \$851,483,545 at June 30, 2007. The decrease primarily reflects strong revenues in business-type activities combined with tight expenditure control.

The City's current and other assets decreased by \$31,328,062 or 11.6%. The decrease was due primarily to the proceeds of prior year bond issues being expended on water and sewer construction projects during this fiscal year.

The total liabilities decreased 2.4% or \$12,922,929, primarily as the result of the repayment of \$14,212,050 of water and sewer bonds with no new debt issued.

By far, the largest portion of the City's net assets (81.3%) is its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The City's restricted net assets are primarily restricted for debt service and authorized capital projects. The remaining balance of *unrestricted net assets* (\$133,492,676) may be used to meet government's ongoing obligations to citizens and creditors, however only the \$10.5 million of undesignated General Fund fund balance shown on page 15 is freely transferable to support the operations of other funds.

At June 30, 2008, the City is able to report positive balances in all three categories of net assets.

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets (net of depreciation)

						(not or dopi	00.	ation				
	Governmental Activities 2008			Sovernmental Activities 2007	ı	Business-Type Activities 2008	i	Business-Type Activities 2007	Total 2008			Total 2007
Land	\$	16,223,347	\$	16,736,507	\$	9,981,495	\$	10,169,912	\$	26,204,842	\$	26,906,419
Land improvements		13,786,712		15,214,992		9,532,635		7,410,014		23,319,347		22,625,006
Buildings and structures		113,906,437		113,236,189		101,345,884		93,908,250		215,252,321		207,144,439
Storage tanks		-		-		8,024,641		8,379,691		8,024,641		8,379,691
Machinery and equipment		9,739,659		9,587,447		77,553,435		71,482,048		87,293,094		81,069,495
Motor vehicles		16,383,203		16,025,594		979,669		1,288,053		17,362,872		17,313,647
Furniture		1,336,312		1,563,657		229,072		267,754		1,565,384		1,831,411
Water and sewer mains		-		-		443,855,603		411,202,336		443,855,603		411,202,336
Infrastructure		272,064,880		288,778,750		-		-		272,064,880		288,778,750
Construction in progress		10,987,126		11,502,947	_	25,061,987	_	41,183,618		36,049,113	_	52,686,565
Total	\$	454,427,676	\$	472,646,083	\$	676,564,421	\$	645,291,676	\$	1,130,992,097	\$	1,117,937,759

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$1,130,992,097 (net of accumulated depreciation). This investment in capital assets is summarized above. The City's new investments in capital assets for the current fiscal year (before disposals or depreciation allowances) were over \$65.5 million. Major capital asset events during the current fiscal year included the following:

- Various additions and improvements were completed in the Water Supply System at a cost of \$10,089,767. Construction in progress on ongoing projects at the close of the fiscal year had reached \$14,683,085.
- Various additions and improvements were completed in the Sewage Disposal System at a cost of \$46,459,576. Construction in progress on additional projects as of June 30, 2008 had reached \$10,367,691.
- Completion of a new 313 space parking ramp by the Auto Parking System to support redevelopment activities at the south edge of downtown.

Additional information on the City's capital assets can be found in note 5 of the notes to the financial statements.

City of Grand Rapids' Outstanding Debt Limited Tax Bonds. Revenue Bonds and Long-term Contracts

				Lillited Tax i	5011	ids, Revenue boi	ius	and Long-term C	,011	tracts		
			overnmental Activities 2007		Business-Type Activities 2008		Business-Type Activities 2007		Total 2008		Total 2007	
Limited tax pledge bonds	\$	64,103,608	\$	68,878,315	\$	23,081,392	\$	24,096,685	\$	87,185,000	\$	92,975,000
Revenue bonds Long-term contracts		34,860,000 19,667,788		35,650,000 23,609,536		311,801,712 846,500		325,350,021 900,500		346,661,712 20,514,288	_	361,000,021 24,510,036
Total	\$	118,631,396	\$	128,137,851	\$	335,729,604	\$	350,347,206	\$	454,361,000	\$	478,485,057

Long-term debt: At June 30, 2008, the City had total long-term debt outstanding of \$454,361,000. Of this amount, \$87,185,000 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds require the City to provide sufficient moneys from it's general fund as a first budget obligation for principal and interest, including the collection of ad valorem taxes which the City is authorized to levy on all taxable property within it's boundaries. Such tax levies, however, are subject to applicable statutory, constitutional, and charter tax limitations. The remainder of the City's debt represents bonds secured solely by specified revenue sources and long-term contracts. These long-term contracts are general obligations of the City.

The City's total bonded debt does not include the June 30, 2008 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$77,788,904 issued in 2001 and 2003 to finance a substantial portion of the new DeVos Place Convention Center. The County of Kent has the sole responsibility for the repayment of this debt through their Hotel/Motel tax receipts and general assets. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

In fiscal year 2008, the 1993 Water Supply System Improvement Variable Rate Demand Revenue Refunding Bonds were converted into Fixed Rate Bonds to reduce the cost by ending the swap agreement.

All normally scheduled debt payments were made during fiscal year 2008.

Additional information on the City's long-term debt can be found in note 6 in the notes to the financial statements.

Changes in Net Assets:

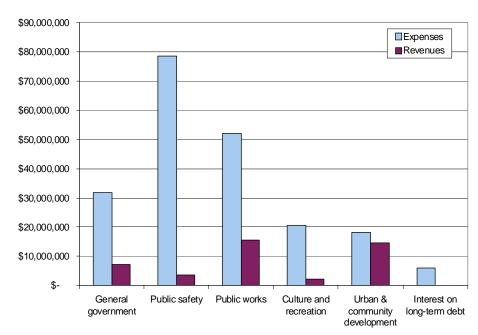
City of Grand Rapids' Changes in Net Assets

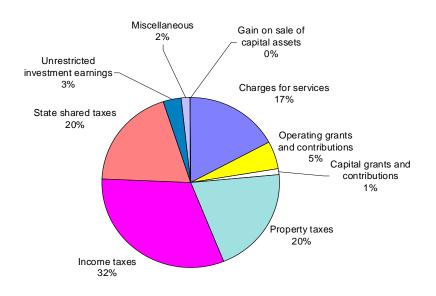
				<u> </u>	,								
	Governmental Activities 2008			overnmental Activities 2007	В	Business-Type Activities 2008	В	usiness-Type Activities 2007		otal Primary Sovernment 2008	Total Primary Government 2007		
Revenues:													
Program Revenues:													
Charges for services	\$	32,050,281	\$	31,262,245	\$	95,591,004	\$	91,620,368	\$	127,641,285	\$	122,882,613	
Operating grants and contributions		9,094,674		11,856,924		245,032		481,086		9,339,706		12,338,010	
Capital grants and contributions		2,149,305		689,666		2,170,346		2,707,224		4,319,651		3,396,890	
General Revenues:													
Property taxes		37,819,932		35,486,005		-		-		37,819,932		35,486,005	
Income taxes		59,496,282		58,475,287		-		-		59,496,282		58,475,287	
State shared taxes		36,613,479		37,083,659		-		-		36,613,479		37,083,659	
Unrestricted investment earnings		6,184,748		5,858,969		4,435,828		6,878,811		10,620,576		12,737,780	
Miscellaneous		3,009,628		2,297,981		1,339,685		524,004		4,349,313		2,821,985	
Gain on sale of capital assets		36,998	1,959,697			-		-	1,959,697			1,959,697	
Total Revenues	186,455,327		184,970,433			103,781,895		102,211,493		292,159,921		287,181,926	
Expenses:													
General government		31,758,040		31,560,007		-		-		31,758,040		31,560,007	
Public safety		78,488,302		70,760,682		-		-		78,488,302		70,760,682	
Public works		52,100,751		45,630,253		-		-		52,100,751		45,630,253	
Culture and Recreation		20,471,242		20,017,892		-		-		20,471,242		20,017,892	
Urban & Community Development		18,111,909		19,701,047		-		-		18,111,909		19,701,047	
Interest on long-term debt		6,126,343		5,724,165		-		-		6,126,343		5,724,165	
Water Supply System		-		-		39,172,761		40,107,062		39,172,761		40,107,062	
Sewage Disposal System		-		-		38,537,806		38,950,866		38,537,806		38,950,866	
Auto Parking System		-		-		8,451,634		8,865,252		8,451,634		8,865,252	
Other Enterprises		-		-		2,369,229		2,463,912		2,369,229		2,463,912	
Total Expenses	2	207,056,587		193,394,046		88,531,430		90,387,092		295,588,017		283,781,138	
Change in Net Assets before Transfers		(20,601,260)		(8,423,613)		15,250,465		11,824,401		(5,350,795)		3,400,788	
Transfers		1,846,821		2,839,531		(1,846,821)		(2,839,531)		-		-	
Change in Net Assets	((18,754,439)		(5,584,082)		13,403,644		8,984,870		(5,350,795)		3,400,788	
Net Assets - beginning	431,022,195					420,461,350		411,476,480		851,483,545		848,082,757	
Net Assets - ending	\$ 4	112,267,756	\$	431,022,195	\$	433,864,994	\$	420,461,350	\$	846,132,750	\$	851,483,545	

Governmental activities: Governmental activities decreased the City's net assets by \$18,754,439. Key elements of this decrease are as follows:

- Depreciation for Infrastructure assets was \$18.2 million, substantially in excess of the \$800,000 cost of newly capitalized streets. Most of the \$7.1 million of City resources spent during the fiscal year in the street construction budget was for uncapitalized repairs or is a required local contribution to the Michigan Department of Transportation's cost of bridge replacements on or across highways the State maintains.
- Tax revenues used to finance most governmental activities grew modestly. Local property tax revenue increased 6.5% because of new construction, inflation, and a 1.5% increase in rates. Our largest revenue, the local income tax, grew less than 2% as the local economy remained in its slow growth mode. State shared taxes fell slightly, and now lag the property tax as the third largest revenue source.
- In spite of no increase in staffing or wage rates, personnel costs increased by almost \$1 million because of higher health care costs for current employees, and by approximately \$8 million as we began to recognize the full actuarial cost of providing retirees health care until age 65.
- The cost of IT services increased by \$1.5 million as the Internal Service Fund begins to implement substantial upgrades to the City's computer systems that are required as a result of several years of deferring replacements, improvements, and updates to several systems.

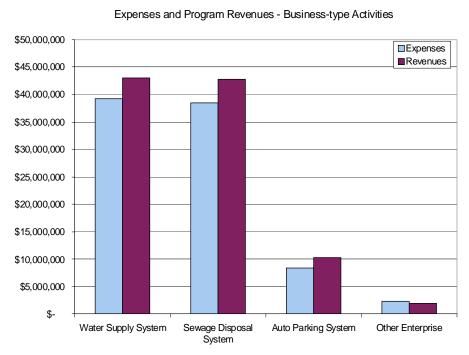
Expenses and Program Revenues - Governmental Activities

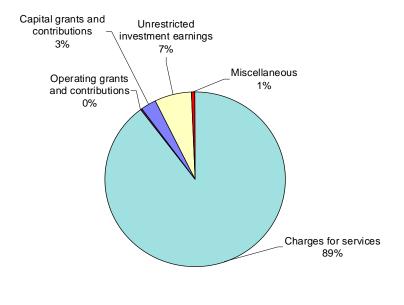




Business-type activities: Business-type activities increased the City's net assets by \$13,403,644. The key elements of this increase are as follows:

- The Water and Sewer Systems earned there projected returns on invested capital with small increases in volume creating a \$5.0 million increase in revenues.
- Interest income was \$2.4 million lower than the prior year because of reductions in investable balances as bond proceeds were spent.
- Partial pre-funding of retiree health care benefits on an actuarial basis increased personnel costs by \$1.1 million over the prior fiscal year.
- Additional water and sewer mains costing \$2.1 million were contributed to the system's capital assets at no cost to either system.





Revenues by Source - Business-type Activities

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

<u>Governmental funds:</u> The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the City's governmental funds reported combined ending fund balances of \$71,533,465. Approximately 38.8% of this total amount (\$27,732,683) constitutes the *unreserved, undesignated fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the City. At June 30, 2008, undesignated fund balance of the general fund was \$10,567,526. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated and total fund balance represented 9.1% and 16.6% respectively of total FY2008 general fund expenditures, down from 12.4% and 20.9% in 2007.

The fund balance of the City's general fund decreased \$4,048,686 during fiscal year 2008. The key factors of that decrease are:

- Partial funding of the retiree health care benefits annual required contribution increased expenditures by \$3.8 million above the prior year's costs.
- Increases in property tax and local income tax receipts of \$3.8 million did not offset increased costs.
- Over \$1 million dollars was transferred to the Local Streets Fund to support planned street maintenance activities.

The fund balance of the Library Fund increased \$1,087,856 as part of a planned accumulation of resources to fund required repairs and renovations.

The \$1,371,041 increase in the fund balance of the Major Streets Fund occurred because \$1.5 million of budgeted transfers to support the operations of the Local Streets Fund were not made because the latter fund had adequate funding and supplemental funding for paving local streets was not exhausted. The fund balance of the Local Streets Fund still increased \$1,457,497 as a result of over \$2.9 million in unspent appropriations. Key factors in the lower level of spending were:

- Major streets receive priority attention. During the year, work unable to be done because of vacant positions came from the local streets.
- About \$1 million in repaving projects were delayed with the funds reappropriated for work in fiscal year 2009.

The fund balances of the City's Street Capital and General Capital Construction Funds decreased by \$3,640,240 and \$2,722,892, respectively, primarily as a result of spending the proceeds of capital improvement bonds issued the prior year.

The fund balances of the City's Non-Major Governmental funds increased by \$1,443,869. The key factors of that increase are:

- Building Inspection fund increased by \$1.25 million as a result of permit fees on a high level of high value construction activity and increased interest income.
- The Vehicle Storage Fund increased by \$163,560 from a combination of a mild winter reducing towing and security costs and more income from vehicles being
 reclaimed by their owners.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net assets of the Water Supply System, Sewage Disposal System, Auto Parking System and non-major enterprise funds at the end of the year amounted to \$61,292,565. The total growth in net assets for enterprise funds was \$10,754,357. The major factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$4,061,968 increase in appropriations between the original and final amended budget. The major components of the increase are:

- \$176,400 of funds was reappropriated to allow completion of departmental projects that had originally planned completion in the prior fiscal year.
- \$431,661 was reappropriated to allow completion of a three-way land swap between the Water Fund, General Fund and Salvation Army that facilitated the construction of the Ray and Joan Kroc Center and the expansion of an adjacent public park.
- The Police Department's budget was increased by \$558,617 in supplemental appropriations for the following reasons: 1) \$329,292 increase for expenditures related to a federal grant award targeting violent crimes, and 2) \$229,325 specifically to fund officer over-time reimbursed by outside agencies
- Additional funding of the Information Technology Fund in the amount of \$764,350 was provided to accelerate replacement of a failing network infrastructure.
- Responsibility for on-street parking meter enforcement was transferred from the Auto Parking Fund to the General Fund along with a \$940,410 appropriation for personnel and other costs related to that function.

Actual departmental expenditures in the General Fund were \$4,831,052 below amended appropriations. After considering the expected appropriation lapse of \$2,698,918 budgeted at the fund level, expenditures were \$2,132,134 below budget, primarily because in November 2007 the City Manager froze all vacant positions, permitting the filling of only those positions deemed most urgent and because some ongoing projects are occurring later than projected. As position vacancies occurred during the year, the Budget Office administratively removed \$1.2 million of departmental appropriation authority by allocating the appropriation lapse to specific departments that had not obtained permission to refill vacant positions.

Revenues for the year ended June 30, 2008 were \$3,149,986 higher than originally budgeted, primarily because of two items. State shared taxes were expected to decline because of the Michigan economy, but remained even with the prior year, \$1,191,555 above budget. The transfer of parking meter enforcement activities to the General Fund brought with it \$1,381,166 in parking fines not originally budgeted there.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2009 budget. The primary factor impacting the budgeting process in recent years has been that the City of Grand Rapids is located in the State of Michigan, which continues to experience economic stress. Michigan is no longer in a one state recession because much of the nation and the world have entered a recession sparked by the sub-prime lending melt-down. Through reductions in head-count, reductions in the subsidy to the 61st District Court, reducing the budget for contingencies, and a drawdown of most of the balance in the rainy day fund, the 2009 General Fund budget was balanced. Since the adoption of the FY2009 budget, the local unemployment rate has increased; a deteriorating national economy has put the survival of the domestic automakers in question; the locally headquartered office furniture manufacturers have announced plans to reduce employment because of falling orders; and most of the banks serving the local market have been forced to reduce lending because of asset impairments.

The initial FY2009 budget projected flat local income tax revenues and an increase in property tax revenues of less than 1%. Based on projections from the State of Michigan, a 6.6% increase in state shared revenues was anticipated. Since adoption, the State has decreased estimated State shared revenues by \$183,596. State gas and weight tax revenues are estimated to decrease 2%. These funds are used to fund road repair and improvement projects. Continued decreases are anticipated as more fuel efficient vehicles consume less gallons of fuel in the state of Michigan. Four dollar per gallon gasoline also led to changes in driving patterns, resulting in fewer miles driven. New debt and a greater reliance on charges for services as financing mechanisms of the cost of providing services are the only mechanisms available to the City. The City adopts the annual budget within the context of a five year plan. That five year plan shows new revenue sources are required or substantial service cuts to operate beyond 2010.

On the expenditure side of the ledger, future budgets anticipate continuing General Fund subsidies providing almost one-third the cost of operating the District Court and continuing a subsidy to the Cemetery, Streets Capital and Local Streets Funds.

City economic development staff continue to work with local manufacturers to assist them in maintaining, and where possible growing, local production and employment. They are also actively assisting developers to find other uses for the former manufacturing facilities and land. City staff and related development organizations have focused on revitalizing and diversifying Grand Rapids' economy by attracting new industries, specifically the expanding life sciences sector, via a variety of partnerships and tax incentives including tax increment financing. While many of these projects will not generate new property tax revenue due to their tax abatements, tax captures, or the owner's not-for-profit status, City income tax revenues are projected to increase as a result of the new jobs and new residents these efforts are generating.

Overall, the City's current and most recent budgets emphasize cost containment and, when feasible, maintenance of existing service levels. The City's capital plans have been prepared within the context of five years for many years. FY2009 is just the fourth year that five-year operating budgets have been prepared. These five-year forecasts give City Commission and staff better information regarding the current and future impact of funding priorities and will positively affect the long-term financial health of the City. At the time these financial statements are issued great uncertainty surrounds the future of the domestic auto industry. The ultimate outcome of these disruptions and its impact on the finances of the City of Grand Rapids could not be anticipated and will not be known for several months.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller Department, 300 Monroe NW, Grand Rapids, MI 49503. Contact telephone number (616) 456-3189.

City of Grand Rapids, Michigan Statement of Net Assets Government Wide June 30, 2008

Total Total Governmental **Business-type** Primary Component **ASSETS** Activities Activities Government Units Equity in pooled cash and investments (Note 2) \$ 106.655.385 57.488.280 164.143.665 16.816.170 Investments held by trustee 5,550,965 10,654,472 18,721,947 29,376,419 Receivables, net 1,297,234 Internal balances (3,072,012)3,072,012 Due from other governmental units 79.398 7,826,251 7,826,251 Due from primary government 203,387 Due from component units 149,766 149,766 Investment in joint venture (Note 1) 1,500,000 1,500,000 2,595,153 3,579,535 6,174,688 Inventories Deferred expenses and other assets 495,069 495,069 514,497 Restricted assets (Notes 2 and 4) 1,942,972 26,828,126 28,771,098 Other assets 221,099 221,099 Capital Assets (Note 5): 27,210,473 Non-depreciable 35,043,482 62,253,955 15,255,456 Depreciable, net 427,217,203 641,520,939 1,068,738,142 47,808,422 87,525,529 Total assets 581,029,897 788,620,255 1,369,650,152 LIABILITIES Accounts payable and accrued expenses \$ 23.007.497 \$ 5.944.243 \$ 28.951.740 \$ 3.825.765 Accrued interest payable 1,497,154 7,180,803 8.677.957 178.728 Due to primary government 149,766 Due to other governmental units 1,636,560 1,636,560 65,656 Due to component units 203,387 203,387 180,000 Unearned revenues 508,261 688,261 Customer deposits 144,380 144,380 Current portion of claims payable 1.000.000 1.000.000 Payable from restricted assets (Note 6): Bonds and contracts payable 13,611,433 13,611,433 Accrued interest and other 5,883,086 5,883,086 Noncurrent liabilities (Note 6): Due within 1 year: 19.446.931 1.109.334 20.556.265 3.858.575 Due in more than 1 year: 122.317.971 319.846.362 442.164.333 54.752.435 Total liabilities 168,762,141 354,755,261 523,517,402 62,830,925 **NET ASSETS** Invested in capital assets, net of related debt 337,227,130 351,218,972 688,446,102 30,536,486 Restricted for: Expendable: Public Safety 134.537 134.537 Cultural and recreation 348.292 348.292 Debt service 12.041.700 12,041,700 Authorized projects 7,010,168 7,010,168 1,270,420 Urban and community development 766,916 766,916 Nonexpendable: Perpetual care 3,752,413 3,752,413 Cultural and recreation 139.946 139.946 (7,112,302)Unrestricted 69,898,522 63,594,154 133,492,676 Total net assets 412,267,756 433,864,994 846,132,750 24,694,604 Total liabilities and net assets 581,029,897 788.620.255 1.369.650.152 87,525,529

Primary Government

City of Grand Rapids, Michigan Statement of Activities Government Wide for the year ended June 30, 2008

,			Program Revenue	s		Net (Expense) Revenue and Changes in Net Assets					ets	
			Operating		Capital			Prima	ary Government			
		Charges for	Grants and		Grants and		Governmental		Business-type		С	omponent
Functions/Programs	Expenses	Services	Contributions		Contributions		Activities		Activities	Total	Units	
Primary government:												
Governmental activities:												
General government	\$ 31,758,040				-	\$	(24,526,876)	\$	-	\$ (24,526,876)	\$	-
Public safety	78,488,302	2,515,301	1,116,860		-		(74,856,141)		-	(74,856,141)		-
Public works	52,100,751	13,238,694	228,891		2,149,305		(36,483,861)		-	(36,483,861)		-
Culture and recreation	20,471,242	2,202,843	40,000		-		(18,228,399)		-	(18,228,399)		-
Urban & community development	18,111,909	6,897,964	7,673,238	3	-		(3,540,707)		-	(3,540,707)		-
Interest on long-term debt	6,126,343				-		(6,126,343)		-	(6,126,343)		
Total governmental activities	207,056,587	32,050,281	9,094,674	<u> </u>	2,149,305		(163,762,327)		-	(163,762,327)		
Business-type activities:												
Water Supply System	39,172,761	41,881,537	-		1,108,024		-		3,816,800	3,816,800		-
Sewage Disposal System	38,537,806	41,598,797	245,032	2	974,822		-		4,280,845	4,280,845		-
Auto Parking System	8,451,634	10,173,994	-		87,500		-		1,809,860	1,809,860		-
Other Enterprise	2,369,229	1,936,676					=		(432,553)	(432,553)		-
Total business-type activities	88,531,430	95,591,004	245,032	2	2,170,346		-		9,474,952	9,474,952		-
Total primary government	\$ 295,588,017	\$ 127,641,285	\$ 9,339,706	\$	4,319,651		(163,762,327)		9,474,952	(154,287,375)		-
Component Units:												
Downtown Development Authority	\$ 10,555,087	\$ 483,780	\$ 5,475	5 \$	-		-		-	-		(10,065,832)
Tax Increment Financing Authority	432,406	495	-		-		-		-	-		(431,911)
SmartZone Development Authority	508,647	-	-		-		-		-	-		(508,647)
Brownfield Redevelopment Authority	732,445	50,000	_		_		-		_	-		(682,445)
61st District Court	13,028,506	6,423,053	6,762,821	ı	-		-		-	-		157,368
Total component units	\$ 25,257,091	\$ 6,957,328	\$ 6,768,296	\$	-	_	-		-			(11,531,467)
	General revenues:											
	Property taxe	25					37,819,932		_	37,819,932		11,075,582
	City income to						59,496,282		_	59,496,282		-
	•	ental, unrestricted					36,613,479		_	36,613,479		_
	•	investment earnings					6,184,748		4,435,828	10,620,576		1,466,965
	Miscellaneou						3,009,628		1,339,685	4,349,313		-
		of capital assets					36,998		-,000,000	36,998		755,138
	Transfers (Note 9)	or capital accoss					1,846,821		(1,846,821)	-		-
	,	I revenues and transfe	ers			-	145,007,888		3,928,692	148,936,580		13,297,685
	•	e in net assets				-	(18,754,439)		13,403,644	(5,350,795)		1,766,218
	Net assets - beginn					-	431,022,195		420,461,350	851,483,545		22,928,386
	Net assets - ending	•				\$	412,267,756	\$	433,864,994	\$ 846,132,750	\$	24,694,604
		,				Ψ	112,201,100	Ψ	100,001,004	\$ 0.10,102,700	Ψ	_ 1,00 1,004

City of Grand Rapids, Michigan Balance Sheet Governmental Funds June 30, 2008

ASSETS	General	Library	Refuse	Major Streets	Local Streets	Streets Capital Construction	General Capital Construction	Building Authority Construction	Nonmajor Governmental Funds	Total Governmental Funds
		\$ 4.054.474	\$ 3,406,523	\$ 1.660.095	\$ 2.848.765					
Equity in pooled cash & investments (Note 2) Receivables, net	\$ 22,122,750 6,034,743	91,612	500.964	548.408	\$ 2,848,765	\$ 13,260,991 762,434	\$ 8,724,107 635,139	\$ 1,178,535 12,760	\$ 15,839,628 247.640	\$ 73,095,868 8,866,221
Due from other funds (Note 9)	88.420	91,012	300,964	340,400	32,321	702,434	033,139	12,700	247,040	88.420
Due from other governmental units	4,867,745	64,929	-	1,788,822	460,292	61,066	-	-	583,397	7,826,251
Inventories	496,738	-	-	1,277,255		-	-	_	19,294	1,793,287
Total assets	\$ 33,610,396	\$ 4,211,015	\$ 3,907,487	\$ 5,274,580	\$ 3,341,578	\$ 14,084,491	\$ 9,359,246	\$ 1,191,295	\$ 16,689,959	\$ 91,670,047
LIABILITIES AND FUND BALANCES		* 1,211,010	4 0,000,000	4 0,2: 1,000	4 0,0,0	*,	y 0,000,210	* 1,101,200	* 10,000,000	<u>+</u>
Liabilities:										
Accounts payable and accruals	\$ 12.577.629	\$ 181,040	\$ 513,771	\$ 195.329	\$ 317,732	\$ 1,097,607	\$ 1,746,123	\$ 49,007	\$ 1,138,009	\$ 17,816,247
Due to other funds (Note 9)	-	-	-	-	-	31,134		-	,,	31,134
Due to other governmental units	1,566,349	10,917	35,997	-	1,837	-	-	-	21,460	1,636,560
Deferred revenues	293,242	-		-	1,850	137,771	75,398	-		508,261
Customer deposits							144,380			144,380
Total liabilities	14,437,220	191,957	549,768	195,329	321,419	1,266,512	1,965,901	49,007	1,159,469	20,136,582
Fund balances:										
Reserved for:										
Perpetual care	-	-	-	-	-	-	-	-	3,752,413	3,752,413
Nonexpendable Trust principal	-	114,946	-	-	-	-	-	-	25,000	139,946
Library purchases	-	268,345	-	-	-	-	-	-	-	268,345
Authorized projects	-	-	-	-	-	9,249,328	4,905,063	1,142,288	-	15,296,679
Inventories	496,738	-	-	1,277,255	-	-	-	-	19,294	1,793,287
Encumbrances	952,182	3,636	6,750	57,434	88,067	3,568,651	2,488,282	-	635,263	7,800,265
Unreserved, designated for debt service: Debt Service fund	-	-	-	-	-	-	-	-	1,115,085	1,115,085
Unreserved, designated for ensuing year budget, reported in:										
Special revenue funds	-	-	653,139	478,123	1,387,990	-	-	-	2,473,050	4,992,302
Unreserved, designated for compensated absences, reported in: General fund	7.156.730									7.156.730
Special revenue funds	7,156,730	379,775	357,542	294.865	208.060	-	-	-	245,488	1,485,730
Unreserved, undesignated, reported in:	-	3/9,//3	337,342	294,000	200,000	-	-	-	240,400	1,465,730
General fund	10.567.526								_	10.567.526
Special revenue funds	10,307,320	3,252,356	2,340,288	2,971,574	1,336,042	_	-	-	7,264,897	17,165,157
Total fund balance	19,173,176	4,019,058	3,357,719	5,079,251	3,020,159	12,817,979	7,393,345	1,142,288	15,530,490	71,533,465
Total liabilities and fund balances	\$ 33,610,396	\$ 4,211,015	\$ 3,907,487	\$ 5,274,580	\$ 3,341,578	\$ 14,084,491	\$ 9,359,246	\$ 1,191,295	\$ 16,689,959	\$ 91,670,047
rotal liabilities and fund balances	<u>φ 33,010,396</u>	<u>φ 4,∠11,015</u>	φ 3,907,487	φ 5,2/4,58U	φ 3,341,578	<u>φ 14,084,491</u>	φ 9,359,24b	φ 1,191,295	<u>9 10,089,959</u>	φ 91,070,047

City of Grand Rapids, Michigan Reconciliation of the Fund Balances of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets June 30, 2008

Total governmental funds, fund balances	\$	71,533,465
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital assets, at cost		830,872,284
Accumulated depreciation		(376,444,608)
Net capital assets		454,427,676
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Deferred issuance costs		2,413,488
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		29,772,058
Long-term liabilites, including interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Due to component units		(203,387)
Bonds and contracts payable		(118,631,396)
Premium on bonds		(982,638)
Compensated absences		(9,525,390)
Net OPEB Obligation		(8,788,152)
Insurance claims		(6,250,814)
Accrued interest on bonds	_	(1,497,154)
Net assets of governmental activities	\$	412,267,756

City of Grand Rapids, Michigan Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds for the year ended June 30, 2008

for the year ended June 30, 2008	Major Governmental Funds									
	General	Library	Refuse	Major Streets	Local Streets	Street Capital Construction	General Capital Construction	Building Authority Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:										
Property taxes	\$ 14,150,385	11,078,990 \$	7,200,486	\$ -	\$ -	\$ -	\$ 5,390,071	\$ -	\$ -	\$ 37,819,932
City income taxes	57,116,488	-	-	-	-	-	2,379,794	-	-	59,496,282
State shared taxes	22,780,195	526,875	-	10,497,393	2,809,016	-	-	-	-	36,613,479
Licenses and permits	293,500	-	-	-	-	-	-	-	3,530,154	3,823,654
Fines and forfeitures	1,729,166	244,571	-	-	-	-	-	-	-	1,973,737
Federal grants	659,639	-	-	208,990	-	117,558	-	-	7,812,008	8,798,195
State grants	394,133	-	-	37,506	-	519	485,322	-	82,592	1,000,072
Other grants & contributions	284,487	-	-	-	-	759,834	786,072	-	-	1,830,393
Charges for services	14,104,807	198,218	5,246,233	2,830,861	2,775	89,061	-	-	3,141,432	25,613,387
Investment earnings	1,690,483	382,409	276,273	407,932	143,515	422,430	561,629	61,227	607,130	4,553,028
Miscellaneous	1,583,185	1,700		26,182	1,179		41,901	390	2,016,266	3,670,803
Total revenues	114,786,468	12,432,763	12,722,992	14,008,864	2,956,485	1,389,402	9,644,789	61,617	17,189,582	185,192,962
Expenditures:										
Current:										
General government	28,125,172	-	-	-	-	-	1,483,935	-	-	29,609,107
Public safety	70,222,608	-	-	-	-	-	-	-	1,398,521	71,621,129
Public works	5,413,118	-	11,881,554	7,733,028	5,315,090	-	-	-	-	30,342,790
Culture and recreation	6,707,579	9,170,416	-	-	-	-	-	-	3,821	15,881,816
Urban and community development	4,257,347	-	-	-	-	-	-	-	14,101,475	18,358,822
Debt service:										
Principal	806,690	-	-	191,505	-	-	776,968	-	4,504,707	6,279,870
Interest, fees, and bond issue costs	66,529	300	-	451,073	-	-	578,932	-	4,358,404	5,455,238
Capital outlay		315,373				7,173,093	7,601,937	334,478		15,424,881
Total expenditures	115,599,043	9,486,089	11,881,554	8,375,606	5,315,090	7,173,093	10,441,772	334,478	24,366,928	192,973,653
Excess (deficit) of revenues over expenditures	(812,575)	2,946,674	841,438	5,633,258	(2,358,605)	(5,783,691)	(796,983)	(272,861)	(7,177,346)	(7,780,691)
Other financing sources (uses):										
Transfers in (Note 9)	5,313,177	-	-	490,099	3,953,333	2,750,000	679,561	-	9,168,695	22,354,865
Transfers out (Note 9)	(8,549,288)	(1,858,818)	(250,877)	(4,752,316)	(137,231)	(426,549)	(3,033,030)	-	(547,480)	(19,555,589)
Sale of capital assets	-	-	-	945,075	-	-	-	-	-	945,075
Face value of bonds and contracts issued	-	-	-	-	-	-	427,560	-	-	427,560
Payment to refunded bond escrow agent		<u> </u>	-	(945,075)						(945,075)
Total other financing sources (uses)	(3,236,111)	(1,858,818)	(250,877)	(4,262,217)	3,816,102	2,323,451	(1,925,909)		8,621,215	3,226,836
Net change in fund balances	(4,048,686)	1,087,856	590,561	1,371,041	1,457,497	(3,460,240)	(2,722,892)	(272,861)	1,443,869	(4,553,855)
Fund balances - beginning	23,251,866	2,931,202	2,767,158	3,509,596	1,562,662	16,278,219	10,116,237	1,415,149	14,086,621	75,918,710
Current year change in inventory levels	(30,004)			198,614						168,610
Fund balances - ending	\$ 19,173,176	4,019,058	3,357,719	\$ 5,079,251	\$ 3,020,159	\$ 12,817,979	\$ 7,393,345	\$ 1,142,288	\$ 15,530,490	\$ 71,533,465

City of Grand Rapids, Michigan Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2008

Net change in fund balances - total governmental funds	\$ (4,553,855)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$27,994,873) exceeded capital outlays (\$10,291,587).	(17,703,286)
In the statement of activities only the gain on the sale of property and equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the property sold.	(408,540)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(555,592)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long- term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt issued	(427,560)
Repayments	6,279,870
Defeasance of bonds	865,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Accrued interest	(14,368)
Compensated absences	354,243
Net OPEB obligation	(8,240,334)
Other	(683,345)
Internal service funds are used by management to charge the costs of certain activities, to individual funds. The governmental share of the net expense of the internal service fund is reported in governmental activities.	 6,333,327
Change in net assets of governmental activities	\$ (18,754,439)

City of Grand Rapids, Michigan Statement of Net Assets Proprietary Funds June 30, 2008

	Major Funds							Nonmajor			Total		
	Water Supply System		Sewage Disposal System			Auto Parking System		Proprietary Funds		Totals		Internal Service Funds	
ASSETS													
Current assets:													
Equity in pooled cash and investments (Note 2)	\$	21,095,996	\$	19,123,302	\$	16,859,842	\$	409,140	\$	57,488,280	\$	33,559,517	
Receivables, net		8,199,525		9,890,307		539,125		92,990		18,721,947		1,772,803	
Due from other funds (Note 9)		452,348		270,620		65,852		23,441		812,261		234,022	
Due from component units		149,766		-		-		-		149,766		-	
Investment in joint venture (Note 1)		-		1,500,000		-		-		1,500,000		-	
Inventory		2,208,237		1,344,917		-		26,381		3,579,535		801,866	
Restricted Assets (Note 4)		8,414,270		7,048,907		-		-		15,463,177		1,942,972	
Deferred expenses and other assets	-	-		-		495,069		-		495,069		134,861	
Total current assets		40,520,142		39,178,053		17,959,888		551,952		98,210,035		38,446,041	
Noncurrent assets:			<u> </u>			_		_				_	
Restricted assets (Note 4)		11,364,949		-		-		-		11,364,949		-	
Other assets		-		-		-		221,099		221,099		-	
Capital assets: (Note 5)													
Non-depreciable		18,172,080		12,719,845		4,146,302		5,255		35,043,482		420,697	
Depreciable		386,080,450		533,309,022		51,513,513		5,062,082		975,965,067		45,031,027	
Less accumulated depreciation	-	(130,961,684)		(182,952,552)		(17,458,812)		(3,071,080)		(334,444,128)		(30,871,008)	
Total noncurrent assets		284,655,795		363,076,315		38,201,003		2,217,356		688,150,469		14,580,716	
Total assets	\$	325,175,937	\$	402,254,368	\$	56,160,891	\$	2,769,308	\$	786,360,504	\$	53,026,757	

City of Grand Rapids, Michigan Statement of Net Assets Proprietary Funds June 30, 2008

<i>dane</i> 30, 2000	Major Funds						Nonmajor			Total
	Water Supply Sys	stem	Sewage Disposal System		Auto Parking System		Proprietary Funds	Totals		Internal Service Funds
LIABILITIES										
Current liabilities:										
Vouchers and accounts payable		445,500			·	\$	85,132		\$	2,041,250
Accrued interest payable	2,	767,981	4,149,14		263,674		-	7,180,803		27,549
Due to other funds (Note 9)		-	41,83	8	-		-	41,838		1,046,283
Due to component units		-	-		-		-	-		203,387
Unearned revenues		- -	- -		180,000		-	180,000		-
Current portion of claims payable		200,000	800,000				-	1,000,000		7,400,814
Current maturities of bonds, notes and contracts payable (Note		-	57,500		1,051,834		-	1,109,334		2,480,272
Current portion of compensated absences and workers' compen Liabilities payable from restricted assets (Note 6):	,	355,188	823,320		170,220		80,695	2,429,423		1,112,929
Current maturities of bonds, notes and contracts payable		380,000	6,231,433		-		-	13,611,433		-
Other	1,	034,270	4,848,810	6	-		-	5,883,086		-
Total current liabilities	14,	182,939	18,434,302	2	2,167,669		165,827	34,950,737	_	14,312,484
Noncurrent liabilities (net of current portion) (Note 6):										
Bonds payable	116,	346,891	174,942,440	0	21,804,984		-	313,094,315		-
Contracts and notes payable		-	789,000	0	-		-	789,000		5,776,924
General claims payable		-	-		-		-	-		200,000
Bond premium	1,	922,641	2,545,062	2	-		-	4,467,703		91,382
Compensated absences and workers' compensation		-	-		-		-	-		1,570,000
Net OPEB Obligation (Note 8)		832,757	498,203	3	121,231		43,153	1,495,344		547,818
Total noncurrent liabilities	119,	102,289	178,774,70	5	21,926,215		43,153	319,846,362		8,186,124
Total liabilities	133,	285,228	197,209,00	7	24,093,884		208,980	354,797,099		22,498,608
NET ASSETS										
Invested in capital assets net of related debt Restricted:	154,	640,144	178,522,218	8	15,839,254		2,217,356	351,218,972		6,875,897
Debt service	6.	603,689	5,438,01	1	-		-	12,041,700		-
Unspent Bond Proceeds	6,	998,830	11,33		-		_	7,010,168		580,567
Unrestricted	23,	648,046	21,073,79	4	16,227,753		342,972	61,292,565		23,071,685
Total net assets	191,	890,709	205,045,36	1	32,067,007		2,560,328	431,563,405		30,528,149
Total liabilities and net assets	\$ 325,	175,937	\$ 402,254,368	8 \$	56,160,891	\$	2,769,308		\$	53,026,757
	Adjustment to r	eflect the	consolidation of internal	l ser	vice fund					
	activities relat	ed to ente	erprise funds.					2,301,589		
	Net as	sets of bu	usiness-type activities					\$ 433,864,994		
			71					, , , , , , , , , , , , , , , , , , , ,		

City of Grand Rapids, Michigan Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds for the year ended June 30, 2008

·		Major Funds	Nonmajor		Total	
	Water Supply System	Sewage Disposal System	Auto Parking System	Proprietary Funds	Totals	Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,262,329	\$ 41,512,929	\$ 10,173,994		. , ,	\$ 68,556,288
Sales	40,121,558	-	-	366,474	40,488,032	-
Miscellaneous	497,650	85,868			583,518	486,012
Total operating revenues	41,881,537	41,598,797	10,173,994	1,936,676	95,591,004	69,042,300
Operating expenses:						
Personal services	15,287,540	8,998,482	2,959,519	1,393,296	28,638,837	8,350,828
Supplies and materials	2,120,395	1,480,877	173,311	338,091	4,112,674	5,007,869
Utilities	5,807,391	2,595,888	407,018	182,683	8,992,980	1,552,549
Contractual services	503,989	4,631,011	1,143,325	141,009	6,419,334	4,594,368
Other services and charges	3,177,310	2,329,114	1,702,998	184,916	7,394,338	37,235,422
Depreciation	6,740,025	10,813,594	1,229,853	196,978	18,980,450	3,922,909
Total operating expenses	33,636,650	30,848,966	7,616,024	2,436,973	74,538,613	60,663,945
Operating income (loss)	8,244,887	10,749,831	2,557,970	(500,297)	21,052,391	8,378,355
Nonoperating revenues (expenses):						
State grants	-	245,032	-	-	245,032	-
Interest revenue	2,097,938	1,572,050	734,677	31,163	4,435,828	1,535,219
Miscellaneous revenue	494,845	95,338	749,502	-	1,339,685	-
Gain on sale of capital assets	-	-	-	-	-	445,538
Interest expense and paying agent fees Miscellaneous expenses	(6,836,324)	(8,695,219)	(1,080,692) (12,744)	(17,125)	(16,629,360) (12,744)	(424,043 -
Total nonoperating revenues (expenses)	(4,243,541)	(6,782,799)	390,743	14,038	(10,621,559)	1,556,714
Income (loss) before capital contributions and transfers	4,001,346	3,967,032	2,948,713	(486,259)	10,430,832	9,935,069
Capital contributions	1,108,024	974,822	87,500	-	2,170,346	· · ·
Transfers in (Note 9)	2,272,606	-	-	872,245	3,144,851	427,523
Transfers out (Note 9)	(1,145,768)	(3,217,484)	(324,234)	(304,186)	(4,991,672)	(1,379,978
Change in net assets	6,236,208	1,724,370	2,711,979	81,800	10,754,357	8,982,614
Total net assets - beginning	185,654,501	203,320,991	29,355,028	2,478,528		21,545,535
Total net assets - ending	\$ 191,890,709	\$ 205,045,361	\$ 32,067,007	\$ 2,560,328		\$ 30,528,149

activities related to enterprise funds. 2,649,287 Change in net assets of business-type activities 13,403,644

City of Grand Rapids, Michigan Statement of Cash Flows Proprietary Funds for the year ended June 30, 2008

for the year ended June 30, 2008	Business-Type Activities - Enterprise Funds											
		Major Funds	Nonmajor		Total							
	Water Supply System	Sewage Disposal System	Auto Parking System	Enterprise Funds	Totals	Internal Service Funds						
Cash flows from operating activities:												
Receipts from customers	\$ 41,520,301	\$ 40,506,958	\$ 10,202,511	\$ 1,916,942	\$ 94,146,712	\$ 69,397,590						
Payments to suppliers	(10,724,991	(10,464,033)	(4,386,020)	(883,449)	(26,458,493)	(48,222,198)						
Payments to employees	(9,687,532	(5,679,248)	(2,015,849)	(1,022,792)	(18,405,421)	(5,426,509)						
Payments for payroll taxes and benefits	(4,889,662) (2,813,017)	(913,700)	(317,295)	(8,933,674)	(2,567,167)						
Other operating revenues (expenses)	(4,465,508	843,333	6,399		(3,615,776)	482,883						
Net cash provided (used) by operating activities	11,752,608	22,393,993	2,893,341	(306,594)	36,733,348	13,664,599						
Cash flows from noncapital financing activities:												
Proceeds from grants	-	245,032	-	-	245,032	-						
Transfers from other funds	2,272,606	-	-	872,245	3,144,851	427,523						
Transfers to other funds	(1,145,768	(3,217,484)	(324,234)	(304,186)	(4,991,672)	(1,379,978)						
Net cash provided (used) by noncapital financing activities	1,126,838	(2,972,452)	(324,234)	568,059	(1,601,789)	(952,455)						
Cash flows from capital and related financing activities:												
Capital contributions	1,108,024	966,422	-	-	2,074,446	-						
Purchase of capital assets	(14,999,858) (31,062,907)	(4,365,634)	(28,956)	(50,457,355)	(4,761,405)						
Sale of capital assets		8,400	1,022,018	3,608	1,034,026	445,538						
Principal paid on capital debt	(7,030,000) (6,105,585)	(1,015,293)	(466,724)	(14,617,602)	(2,594,146)						
Interest paid on capital debt	(7,248,475	(8,694,652)	(1,066,600)	(18,658)	(17,028,385)	(423,610)						
Net cash provided (used) by capital and related financing activities	(28,170,309	(44,888,322)	(5,425,509)	(510,730)	(78,994,870)	(7,333,623)						
Cash flows from investing activities:												
Interest received	2,097,938	1,572,050	734,677	31,163	4,435,828	1,535,219						
Net increase (decrease) in equity in pooled cash and investments	(13,192,925) (23,894,731)	(2,121,725)	(218,102)	(39,427,483)	6,913,740						
Equity in pooled cash and investments - beginning of year	41,287,751	43,029,371	18,981,567	627,242	103,925,931	28,588,749						
Equity in pooled cash and investments - end of year (including \$6,998,830; \$11,338 and \$1,942,972 for the Water System, Sewage System and Internal Service, respectively, reported in restricted accounts)	\$ 28,094,826	\$ 19,134,640	\$ 16,859,842	\$ 409,140	\$ 64,498,448	\$ 35,502,489						

City of Grand Rapids, Michigan Statement of Cash Flows Proprietary Funds

for the year ended June 30, 2008							
		Major Funds		Nonmajor	Total		
	Water Supply System	Sewage Disposal System	Auto Parking System	Enterprise Funds	Totals	Internal Service Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 8,244,887	\$ 10,749,831	\$ 2,557,970	\$ (500,297) \$	21,052,391	\$ 8,378,355	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	6,740,025	10,813,594	1,229,853	196,978	18,980,450	3,922,909	
Miscellaneous cash received	494,845	95,338	6,399	-	596,582	-	
Change in assets and liabilities:							
(Increase)decrease in accounts receivable	377,639	(314,869)	2,269	5,054	70,093	(962,371)	
Increase in intergovernmental receivables	(69,241)		-	-	(569,241)	-	
Increase in due from other funds	(452,348)	(270,620)	-	(23,441)	(746,409)	1,969,976	
Increase in inventory	(217,286)	(6,350)	-	(1,347)	(224,983)	(169,432)	
Increase in deferred expenses	-	-	26,248	-	26,248	58,438	
Increase (decrease) in vouchers and accounts payable	884,094	531,019	(1,059,368)	(36,750)	318,995	502,953	
Increase in due to other funds	-	41,838	-	-	41,838	1,046,283	
Increase in due to component units	-	-	-	-	-	203,387	
Decrease in deferred revenues	-		100,000	-	100,000	-	
(Increase) decrease in restricted assets	(4,960,353)	747,995	-	-	(4,212,358)	-	
Increase (decrease) in compensated absences	(122,411)	8,014	(91,261)	10,056	(195,602)	(190,666)	
Increase in Net OPEB Obligation	832,757	498,203	121,231	43,153	1,495,344	547,818	
Decrease in general claims payable					-	(1,643,051)	
Total adjustments	3,507,721	11,644,162	335,371	193,703	15,680,957	5,286,244	
Net cash provided (used) by operating activities	\$ 11,752,608	\$ 22,393,993	\$ 2,893,341	\$ (306,594) \$	36,733,348	\$ 13,664,599	

City of Grand Rapids, Michigan Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2008

		Pri	vate Purpose Trust	
	Total Pension Trust Funds	Urba	n Cooperation Board	 Agency Tax Fund
ASSETS				
Equity in pooled cash and investments (Note 2) Investments held by trustee (Note 2):	\$ -	\$	41,369	\$ 60,808
Cash and money market funds	13,457,669		-	-
United States Government Securities	44,255,677		-	-
State and municipal bonds	309,696		-	-
Corporate bonds	131,460,429		-	-
Common stocks and equity mutual funds	441,321,803		-	-
Collateral held by broker under securities lending	42,256,605		-	-
Other	77,251,029		-	-
Receivables, net:				
Investment securities sold	1,385,424		-	-
Property taxes	-		-	2,102,564
Other accounts	423,847		-	-
Accrued interest	 1,447,807		-	 <u> </u>
Total assets	\$ 753,569,986	\$	41,369	\$ 2,163,372
LIABILITIES				
Compensated absences	\$ 16,440	\$	-	\$ =
Investment securities purchased	2,218,423		-	=
Vouchers and accounts payable	761,566		-	-
Due to other funds (Note 9)	16,773		-	-
Due to other governmental units	-		-	2,163,372
Liabilities under securities lending program	 42,256,605		-	 -
Total liabilities	 45,269,807		-	2,163,372
NET ASSETS				
Held in trust for pension benefits and other purposes	 708,300,179		41,369	-
Total net assets	708,300,179		41,369	
Total liabilities and net assets	\$ 753,569,986	\$	41,369	\$ 2,163,372

City of Grand Rapids, Michigan Statement of Changes in Fiduciary Net Assets Fiduciary Funds for the year ended June 30, 2008

			Trust		
	 Total Pension Trust Funds	Urban Cooperation Board			
ADDITIONS					
Plan Contributions:					
Employer	\$ 6,008,558	\$	-		
Plan members	 4,646,898		-		
Total contributions	10,655,456		-		
Investment earnings:					
Interest and dividends	15,653,947		2,114		
Net depreciation in fair value of investments	 (29,930,593)		-		
Total investment earnings	(14,276,646)		2,114		
Investment management expense	 (2,729,837)		<u>-</u>		
Net income from investment activities	 (17,006,483)		2,114		
Securities lending income	426,540		-		
Securities lending expenses	 (149,241)		=		
Net income from securities lending activities	 277,299		<u>-</u>		
Total net investment income	 (16,729,184)		2,114		
Total additions	 (6,073,728)		2,114		
DEDUCTIONS					
Benefits paid	36,260,477		_		
Grants and Awards	-		50,000		
Administration expenses	992,046		-		
Total deductions	 37,252,523		50,000		
Change in net assets	 (43,326,251)	·	(47,886)		
Total net assets - beginning	751,626,430		89,255		
Total net assets - ending	\$ 708,300,179	\$	41,369		

Private Purpose

City of Grand Rapids, Michigan Combining Statement of Net Assets Component Units June 30, 2008

Local Development Brownfield 61st Downtown Increment Development Financing Redevelopment **District** Financing **ASSETS** Authority Authority Authority Authority Court **Totals** \$ 11,531,059 \$ 1,127,100 \$ 1,450,102 \$ 851,740 \$ 1,856,169 \$ Equity in pooled cash and investments (Note 2) 16,816,170 Investments held by trustee (Note 2) 5,550,965 5,550,965 Receivables, net: Taxes 56,595 56,595 3,546 Accounts 3.546 Loans 898,848 898,848 Accrued interest 305.015 14.049 6.493 3.116 9.572 338.245 Due from other governmental units 59,296 20,102 79,398 Due from primary government 10,403 1,955 2,537 188,492 203,387 Prepaid expenses 512.687 1.810 514,497 Capital Assets (Note 5): 1,280,000 Non-depreciable 13,975,456 15,255,456 Depreciable 75,821,349 3,961,353 20,212 79,802,914 Less: accumulated depreciation (30,368,065)(1,624,502)(1,925)(31,994,492)4,758,000 1.458.550 857,393 \$ 2,094,432 \$ Total assets 78,357,154 \$ \$ \$ 87,525,529 LIABILITIES Current liabilities: Vouchers payable and accruals \$ 2,572,038 \$ \$ 70,956 \$ 310,120 \$ 315,560 \$ 3,268,674 Accrued Interest 154.857 8.521 15.350 178.728 149.766 149.766 Due to primary government Due to other governmental units 53,821 11,835 65,656 Due to participants 346.331 210.760 557.091 Bonds and contracts payable due in less than 1 year (Note 6) 3,418,676 69,000 60,000 3,547,676 2,748 281,005 Compensated absences and workers' compensation 24,673 2,473 310,899 Non-current liabilites (Note 6): 49,470,512 946,800 3,744,645 54,161,957 Bonds and contracts payable due in more than 1 year Compensated absences and workers' compensation 17.146 1.718 195.275 216.049 1.910 Net OPEB Obligation (Note 8) 19,151 3,600 4,671 347,007 374,429 Total liabilities 55,677,053 1,024,321 4,048,508 719,601 1,361,442 62,830,925 **NET ASSETS** Invested in capital assets, net of related debt 27,917,148 2,601,051 18,287 30,536,486 1,132,628 137.792 Restricted for authorized projects 1.270.420 Unrestricted (5,237,047)(2,589,958)714,703 (7,112,302)Total net assets (deficit) 22.680.101 3,733,679 (2,589,958)137.792 732.990 24,694,604 Total liabilities and net assets 78,357,154 4,758,000 1,458,550 857,393 2,094,432 87,525,529

Tax

SmartZone

City of Grand Rapids, Michigan Combining Statement of Activities Component Units for the year ended June 30, 2008

,		Prog	am R	evenues				Net (Expenses) Re	evenue and Cha	nges in Net Assets				
									Sn	nartZone Local					
						Downtown				Development	Brownfield				
		Charges fo	r C	Operating Grants	. D	evelopment	Т	ax Increment		Financing	Redevelopment	61st	District		
Functions/Programs	Expenses	Services	aı	nd Contributions	<u> </u>	Authority	Fina	ncing Authority		Authority	Authority		Court		Total
Urban & community development:															
Downtown Development Authority	\$ 10,555,087	\$ 483,7	80 \$	5,475	\$	(10,065,832)	\$	-	\$	-	\$ -	\$	-	\$	(10,065,832)
Tax Increment Financing Authority	432,406	4	95	-		-		(431,911)		-	-		-		(431,911)
SmartZone Development Authority	508,647			-		-		-		(508,647)	-		-		(508,647)
Brownfield Redevelopment Authority	732,445	50,0	00	-		-		-		-	(682,445)		-		(682,445)
Public safety:															
61st District Court	13,028,506	6,423,0		6,762,821				<u> </u>	_				157,368		157,368
	\$ 25,257,091	\$ 6,957,3	28 \$	6,768,296	_	(10,065,832)	_	(431,911)	_	(508,647)	(682,445)		157,368	_	(11,531,467)
	General revenues	:													
	Inves	tment earning	6			1,214,072		65,477		77,702	41,514		68,200		1,466,965
	Prope	erty taxes				8,984,643		421,001		1,003,433	666,505		-		11,075,582
	Gain	on sale of cap	tal ass	sets	_	755,138		-							755,138
	Total general reve	nues				10,953,853		486,478		1,081,135	708,019		68,200		13,297,685
	Change in n	et assets				888,021		54,567		572,488	25,574		225,568		1,766,218
	Net assets (deficit) - beginning				21,792,080		3,679,112		(3,162,446)	112,218		507,422		22,928,386
	Net assets (deficit) - ending			\$	22,680,101	\$	3,733,679	\$	(2,589,958)	\$ 137,792	\$	732,990	\$	24,694,604

1. Summary of Significant Accounting Policies

THE REPORTING ENTITY

The City of Grand Rapids, Michigan (the "City") was incorporated as a village in 1838. It was incorporated as a city under a mayor-council form of government in 1850 and remained under that form of government until 1916 when the commission-manager system of government was adopted. The City provides the following services: public safety, public works, streets, recreation and culture, urban development and general administrative services.

In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationship with the City.

Blended Component Units—Blended component units of the City have been included in the various fund types as follows:

The Grand Rapids Building Authority ("GRBA") was created by the City of Grand Rapids under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended, and is governed by a three member board appointed by the City Commission. Although it is legally separate from the City, the GRBA is reported as if it were part of the primary government because its sole purpose is to finance and construct facilities for any legitimate public purpose of the City. The City has included in its financial statements the capital projects funds for projects in process during the fiscal year as well as debt service funds used for the accumulation of resources to repay the related debt on current projects and those previously financed. Likewise, the City has incorporated the bond issues and the related capital assets in governmental activities for Government-wide presentation. For completed proprietary project facilities, the City has included the capital assets and related debt within the specific proprietary funds and reported them in the business activities column of the Government-wide presentation.

The City of Grand Rapids General Retirement System ("General Retirement System") was established by City Ordinance which provides that general administration and responsibility for the operation of the General Retirement System is vested in a seven member Board of Trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). Three members are elected by current employees. The General Retirement System is a defined benefit pension plan that covers all eligible employees of the City of Grand Rapids, except for police officers and firefighters. Funding for the General Retirement System is primarily provided by the City. Additional details of the General Retirement System are included in Note 7. Separate audited financial statements are issued. The General Retirement System is included in these statements as a fiduciary fund.

The City of Grand Rapids Police and Fire Retirement System ("Police and Fire Retirement System") was established by City Ordinance which provides that the general administration and responsibility for the operation of the Police and Fire Retirement System is vested in a seven member Board of Trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). The Police and Fire Retirement System covers all the eligible uniformed police and fire personnel of the City of Grand Rapids under a defined benefit pension plan. Funding for the Police and Fire Retirement System is primarily provided by the City. The fiscal year-end of this system changed to December 31st during the 2004 fiscal year. Additional details of the Police and Fire Retirement System are included in Note 7. Separate audited financial statements are issued. The Police and Fire Retirement System is included in these statements as a fiduciary fund.

Discretely Presented Component Units—The component unit column in the combined financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the ability to impose its will as it must annually approve their budgets and their development and tax increment financing plans.

The Grand Rapids Downtown Development Authority ("DDA") was created under the provisions of Act 197, Public Acts of 1975 of the State of Michigan, to correct and prevent deterioration, encourage historic preservation and promote economic growth of business districts in the City. The DDA is under the supervision and control of a nine member Board consisting of the Mayor and eight members appointed by the Mayor and confirmed by the City Commission. Tax increment revenue is the DDA's primary source of financing its programs and activities.

The Grand Rapids Tax Increment Financing Authority ("TIFA") was created in 1985 under the provisions of Act 450, Public Acts of 1980 of the State of Michigan, to provide for the development of the Monroe North Development Area through tax increment revenues. The TIFA is under the supervision and control of an eleven member Board appointed by the Mayor and confirmed by the City Commission.

The City of Grand Rapids SmartZone Local Development Financing Authority ("SmartZone") was created on October 16, 2001 under the provisions of the Local Development Financing Act, Act 281 of the Public Acts of 1986 of the State of Michigan, as amended by Act 248 of the Public Acts of 2000 of the State of Michigan, to promote economic development within an area, or areas, of specified boundaries. The SmartZone is under the supervision and control of an eleven member Board. Seven members are appointed by the Mayor, one by the Kent County Commission, one by the President of Grand Rapids Community College, and two by the Superintendent of the Grand Rapids Public Schools. Tax increment revenue from each of the zones is the authority's primary source of financing its development plan.

The City of Grand Rapids Brownfield Redevelopment Authority ("Brownfield") was created under the provisions of Act 381, Public Acts of 1996 of the State of Michigan. The purpose of the Authority is to promote the revitalization of environmentally distressed areas within the boundaries of the City. The Authority consists of a seven member board that has an interest in the revitalization of environmentally distressed properties. Members are appointed by the Mayor with City Commission approval.

State of Michigan 61st District Court is one of 104 districts in the State of Michigan District Court system, which in turn is part of the one Court of Justice, established by Article 6 of the Michigan Constitution. The City is the Local Funding Unit (LFU) for the 61st District Court, in accordance with the Revised Judicature Act of 1961, Public Acts 374 and 388 of 1996 and Supreme Court Administrative Order No. 1998-5. In most instances providing funding gives control, in this case it does not. Rather, the 61st District Court is subject to control by the Michigan Supreme Court. The 61st District Court accounts for the collection and payment to the State of Michigan, Kent County and the City of Grand Rapids of fines and fees collected on their behalf. Bond and other trust money held by the Court are also accounted for as liabilities in this fund. The City is financially accountable for the 61st District Court and is required to fund its operations. The 61st District Court does not issue separate financial statements.

Joint Ventures—The joint ventures of the City have not been included in the City's financial statements. They are:

The City of Grand Rapids and County of Kent Joint Building Authority ("JBA") was created by the City and the County of Kent, Michigan (the "County") under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended. The JBA is governed by a three member Board of Commissioners of which one member is appointed by the City Commission, one member is appointed by the County Commission and one member is appointed by joint action of the City Commission and the County Commission. Because it is legally separate from the City, the JBA is not reported as part of the primary government. Summary financial information is as follows:

	At June 30, 2008		Year ended June 30, 2008
Total Assets	\$ 216,794,893		
Total Liabilities	102,572,935	Revenues	\$ 5,374,896
Total Net Assets	114,221,958	Expenses	(9,934,749)
Total Liabilities and Net Assets	\$ 216,794,893	Change in Net Assets	\$ (4,559,853)

The Grand Rapids—Kent County Convention / Arena Authority ("C/AA") was created when the City entered into an agreement with the County of Kent to establish an authority pursuant to the Convention Facility Authority Act. The C/AA is a separate legal entity established for the purpose of acquiring, constructing and operating convention facilities. The operating agreement provides that any facility operating deficits will be covered first by the net income of other C/AA facilities, second by an operating reserve fund and third by certain lodging excise tax revenues. The City and the County will share any remaining deficit equally. Summary financial information is as follows:

	At June 30, 2008		Year ended June 30, 2008
Total Assets	\$ 28,651,179		
Total Liabilities	5,046,431	Revenues	\$ 12,671,279
Total Net Assets	23,604,748	Expenses	(11,170,971)
Total Liabilities and Net Assets	\$ 28,651,179	Change in Net Assets	\$ 1,500,308

Grand Valley Regional Biosolids Authority was created by the City and the City of Wyoming under the provisions of Act 233, (Public Acts of Michigan of 1955, as amended, MCL 124.281), for the development, construction and operation of a regional biosolids management project. The City and Wyoming will share equally the initial costs, ongoing administrative costs and planning and design of the project. Articles of incorporation were adopted April 2004. Summary financial information is as follows:

	At June 30, 2008		Year ended June 30, 2008				
Total Assets	\$ 12,139,548						
Total Liabilities	8,337,997	Revenues	\$ 1,307,193				
Total Net Assets	3,801,551	Expenses	(22,814)				
Total Liabilities and Net Assets	\$ 12,139,548	Change in Net Assets	\$ 1,284,379				

REPORT COPIES

Individual audited financial reports of the component units and joint ventures of the City can be obtained from the City Comptroller's Office at City Hall, except for Pension Fund reports—which can be obtained from the City's Pension Office. Selected reports are also available in the Comptroller's Department and Retirement System sections of the City's web site, www.grcity.us.

City of Grand Rapids Comptroller's Office 300 Monroe Avenue NW Grand Rapids, Michigan 49503 (616) 456-3189 City of Grand Rapids Pension Office 233 East Fulton Avenue, Suite 216 Grand Rapids, Michigan 49503 (616) 456-4300

BASIC FINANCIAL STATEMENTS

The basic financial statements include both Government-wide financial statements (based on the City as a whole) and Fund statements (based on individual funds). Both the Government-wide and Fund financial statements categorize primary activities as either governmental or business-type.

Government-wide financial statements:

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. On the statement of net assets, net assets are reported in three categories as follows:

- 1. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other related debt attributed to the acquisition, construction, or improvements of those assets.
- 2. Restricted net assets result when constraints placed on the use of assets are either externally imposed by creditors, grantors, or contributors or imposed by law through constitutional provisions or enabling legislation.
- 3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories and thus are generally available for use in operations. Unrestricted net assets are sometimes segregated and designated to indicate that management does not consider them to be available for general operations. Such designations can be increased, decreased or eliminated at management's discretion.

The Government Wide Statement of Activities reflects both the gross and net costs per functional category (General Governmental, Public Safety, Public Works, Culture and Recreation, and Urban and Community Development), which are otherwise being supported by general government revenues (property, income tax and certain intergovernmental revenues). The Statement of Activities analyzes gross expenses (including depreciation) by program revenues, operating and capital grants by functional area. Revenues reported as program revenues must be directly associated with a function or they are reported as a general revenue. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The net expense for each function or activity is normally covered by the City's general revenues.

This government-wide focus is centered on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Funds financial statements:

The Funds financial statements are, in substance, similar to the financial statements presented in the previous financial reporting model. Emphasis in the Funds financial statements is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column by category.

Since the Governmental Fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the Fund-based financial statements to the governmental column of the Government-wide presentation.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's ongoing operations. The principal operating revenues of the City's Enterprise and Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue fees intended for the costs of connecting new customers to the system. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds of the City government (which provide services primarily to the various funds of the government) are presented, in summary form, as part of the Proprietary Fund financial statements. Since the principal user of the internal services are the City's governmental activities these services are allocated and included in the governmental column when presented at the Government-wide level. The costs of these services are allocated to the appropriate functional activity.

When appropriate, surplus or deficits in the Internal Service Funds are allocated back to various users within the Government Wide Statement of Activities.

The City's Fiduciary Funds are presented in the Fund financial statements by type. Since the assets in these funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary, Internal Services and Fiduciary Trust Fund statements. Revenues are recognized when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days thereafter for property taxes or 90 days for other revenues. Expenditures are recorded when the related fund liability is incurred, except for debt service and expenditures related to certain compensated absences; claims and judgements are recognized when the payment is due.

Property and income taxes, intergovernmental revenue and grants, state-shared taxes, interest earned and payments in lieu of taxes are susceptible to accrual because they are both measurable and available to finance expenditures of the current period.

Entitlements and shared revenues are recorded at the time of receipt or earlier if they meet the accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

For its business-type activities and Proprietary Funds, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to follow subsequent private-sector (FASB) guidance.

The City of Grand Rapids reports the following major Governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in the other funds.

<u>The Library Fund</u> accounts for the operation, maintenance and capital improvements of the Public Library System. Financing is provided by a dedicated property tax levy, library revenues, contributions and trust assets willed to the City for the purpose of buying new books and other library operations.

<u>The Refuse Fund</u> accounts for the collection and removal of trash and debris. Financing is provided by special tax millage, sale of refuse bags and tags, and rentals of trash collection units.

The Major and Local Streets Funds account for the maintenance and construction of all major streets, trunk lines and local streets. Financing is provided by special revenue from P.A. 51 State Shared Gas and Weight Taxes and charges for various services.

<u>The Streets Capital Construction Fund</u> accounts for the construction of capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, the Major Streets Fund and contributions from private sources.

<u>The General Capital Construction Fund</u> accounts for the construction for capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, income taxes, transfers from other funds and contributions from private sources.

The Grand Rapids Building Authority Construction Fund accounts for the construction projects of the Grand Rapids Building Authority. The only current project is Phase II of the Community Archive and Research Center. Financing is provided by bonds and private contributions.

The City of Grand Rapids reports the following major Proprietary funds:

<u>The Water Supply System Fund</u> accounts for the operation and maintenance, capital additions, improvements and retirement of revenue bonds of the water supply system. Financing is provided by user charges and contributions by other funds, municipalities and customers.

The Sewer Disposal System Fund accounts for the operation and maintenance, capital additions, improvements and retirement of bonds of the sewage disposal system. Financing is provided by user charges, federal grants and contributions from other funds, municipalities and customers.

The Auto Parking System Fund accounts for the operations and maintenance, capital additions, improvements and retirement of bonds of the auto parking system. The fund was established to provide parking facilities on and off the streets. Financing is provided by user charges.

Additionally, the City reports the following fund types:

<u>The Internal Service Funds</u> account for data processing, fleet management, facilities management, insurance services and engineering services provided to City departments on a cost reimbursement basis.

The Pension Trust Funds account for the accumulation of resources to be used for retirement annuity payments in appropriate amounts and times in the future.

The Private Purpose Fund accounts for the money held in fiduciary capacity for the Urban Cooperation Board.

The Agency Funds account for the collection and distribution of property taxes.

USE OF RESOURCES:

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

BUDGETS AND BUDGETARY ACCOUNTING

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

The Uniform Budgeting Act (P.A. 2 of 1968) of the State of Michigan requires that annually a balanced budget on the modified accrual basis of accounting be adopted by the local legislative body in the form of a general appropriation act for the General and all Special Revenue Funds. The City's budget is adopted on the modified accrual basis consistent with generally accepted accounting principles ("GAAP").

Prior to May 31, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the City Commission to obtain taxpayer comments.

Prior to June 30, a separately issued budget report, which demonstrates legal compliance at the legal level of budgetary control, is enacted through passage of an ordinance.

Appropriations are authorized by ordinance at the departmental level within the General and Street Funds and by fund for all other annually budgeted funds. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgeted amounts presented in the financial statements are as originally adopted, or as amended by the City Commission during the fiscal year.

The general appropriation ordinance authorizes the City Comptroller to transfer budgeted amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the City Manager. Transfers between departments or between funds must be approved by the City Commission.

Supplemental appropriations are approved by the City Commission in the form of budget ordinance amendments. These appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the City Commission.

CASH AND INVESTMENTS

Cash resources of the primary government and component units, except for the Pension Funds and certain restricted assets related to bond issues, are managed by the City Treasurer in an internal investment pool. Each fund's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

Bank deposits are stated at cost plus compounded interest receivable. Investments are stated at fair value. Interest income earned as a result of cash and investment pooling is distributed to the appropriate funds. Interest earned on cash balances of the Streets Capital Construction Fund is recorded in the Major Streets Fund, its primary source of funding.

DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Reimbursements received more than 90 days after year-end are not recognized as revenue until the following year. Revenues received in advance of project costs being incurred are deferred. Capital grants for capital asset additions to the Proprietary Funds are recorded as receivables and a corresponding increase to revenues when reimbursable project costs are incurred.

In evaluating the appropriate accruals for intergovernmental revenues (grants, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

INVENTORIES

Inventories recorded in the Proprietary Funds, with the exception of Sewage Disposal System, are valued at the lower of cost (first-in, first-out) or market. The Sewage Disposal System inventories are valued at average cost. Governmental Funds use the purchases method to account for inventories by charging the inventory items to expenditures at the time of purchase. The purchases method requires that significant year end inventory balances be reflected by a direct adjustment to beginning fund balance.

CAPITAL ASSETS

Capital assets, which include property, buildings, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets having a useful life in excess of one year with costs in excess of threshold amounts are capitalized. Capital assets are valued at historical cost or estimated cost if actual cost is not available. Donated capital assets are valued at fair market value on the date of donation. Infrastructure, such as roads, bridges, and traffic signals, was capitalized for the first time in fiscal year 2002. Because a large portion of the assets were donated, transferred from another unit of government, or partially funded by other parties, the capitalization was based on an inventory of the public infrastructure assets. Current replacement cost data was calculated and then trended back to the year of the construction, or most recent reconstruction, of the asset to determine the cost and depreciation presented in the financial statements.

Asset Category	Useful Life (Years)	Threshold			
Land improvements	20	\$ 10,000			
Buildings and structures	20-50	50,000			
Leasehold improvements	10	50,000			
Equipment .	3-30	10,000			
Water mains	75	20,000			
Sewer service mains	50	20,000			
Infrastructure	20-25	1,000,000			

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is included as part of the capitalized value. Depreciation is computed using the straight-line method over the estimated useful lives shown in the preceding table.

PROPERTY AND INCOME TAXES

The City bills and collects its own property taxes. Taxes are levied on July 1 and are due without penalty on or before July 31. The property taxes attach as an enforceable lien on all property as of July 1. Uncollected real property taxes as of March 1 each fiscal year are turned over to Kent County for collection. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Since all City property taxes levied are current receivables, tax revenues are recognized when levied. An allowance reducing revenues is recorded for uncollected delinquent personal property taxes and for estimated refunds resulting from property tax appeals.

The City also acts as the billing and collection agent for the State of Michigan, Kent County, the local transit authority ("Interurban Transit Partnership") and the independent school districts within the City limits. All state and school district taxes are billed with the City taxes on the July 1 levy and due without penalty on July 31. The majority of Kent County taxes are billed on July 1 with the remainder billed on December 1 and are due without penalty on or before February 14. Taxes collected on behalf of other governmental units are accounted for in agency funds. Uncollectable real property taxes as of March 1 are turned over to Kent County for collection. The City Treasurer remains responsible for collecting delinquent personal property taxes.

At July 2007, the total assessed value of all real and personal property in the City subject to *ad valorem* taxation was \$5,525,318,800 before the reductions described in this paragraph. The assessed value generally represents 50% of the estimated current value of the property. Beginning in fiscal year 1995 the State constitution has limited the annual increase in taxable portion of the assessed value of existing property to the lesser of the rate of inflation or 5% until a transfer of ownership of the property occurs. At the time of transfer of ownership of property, all property is assessed at 50% of current value. The total *ad valorem* base was reduced by \$783,997,000 by this limitation, reducing City tax revenues by approximately \$6,461,000 for fiscal year 2008.

Additionally, beginning in fiscal year 1998, State law exempted from virtually all State and local taxation, for a period of 12 years, income earned and property located in the City's six "Renaissance Zones". This exemption reduced the *ad valorem* roll total by approximately \$225,905,000 reducing City property tax revenues by approximately \$1,862,000 for fiscal year 2008.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2008 was based on the following rates:

		Authorized Millage Rate	Millage Rate as
		by either	permanently reduced by
	Millage Rate Used	State law or City charter	State Constitution
General operating	4.1070	4.2600	4.1070
Promotional and advertising	0.0110	\$50,000 maximum	\$50,000 maximum
Refuse collection	1.6700	3.0000	2.7711
Library operating	2.0728	2.1500	2.0728
Library capital	0.3805	0.3950	0.3805

An income tax is imposed on income earned within the City regardless of the residence of the taxpayer and on all income of City residents. Residents pay 1.3% of all taxable income and non-residents pay 0.65% of taxable income earned within the City limits.

COMPENSATED ABSENCES

City employees are granted vacation and sick leave in varying amounts based on length of service, terms of collective bargaining agreements, and City policies. Employees are limited by bargaining agreements or policy as to the amount of vacation that can be carried from one calendar year to another. Upon termination, employees are paid for unused vacation at their current rates. Unused accumulated sick leave is paid to employees with ten or more years of continuous service who retire or resign as provided by bargaining agreements on policy. It is the City's policy to recognize as a liability the obligation for vacation pay and sick leave in the government-wide and proprietary funds at the time the liability is incurred. In governmental fund statements, only amounts immediately payable due to terminations are reported as liabilities. A portion of the Governmental Fund balance is reported as Designated for Compensated Absences, representing the vested portion of compensated absences.

SELF INSURANCE

The City is predominantly self-insured (general liability, workers' compensation and health). It is the City's policy to recognize the cost of self-insured claims at the time the liability is incurred in the Enterprise Funds and the Insurance Payment Internal Service Fund, as applicable. Budgetary appropriations are made to the extent that current claims can be anticipated. Changes in the balances of claim liabilities are as follows:

	2008		2007
Unpaid claims - beginning of year	\$ 12,043,865	\$	9,050,000
Incurred claims, net of changes in estimates	1,414,338		4,747,265
Claim payments	(3,057,389)		(1,753,400)
Unpaid claims - end of year	\$ 10,400,814	\$	12,043,865

The extent of purchased insurance coverage (i.e., property, workers' compensation, and general liability stop loss coverage) has not changed significantly from previous years. Settlements, if any, on losses covered by insurance have not exceeded insurance coverage for each of the past three fiscal years.

2. Equity in Pooled Cash and Investments

The City maintains an investment pool for most City funds. Each fund's portion of the investment pool is displayed on the balance sheet as "Equity in pooled cash and investments". The City Treasurer is responsible for most investments, with the exception of the resources of the Retirement Systems' trust funds which are managed by their own Boards of Trustees.

The laws of the State of Michigan, the City of Grand Rapids Charter and the City ordinance on investments, and the City's Investment Policy authorize the Treasurer to invest surplus monies belonging to and under the control of the City in investment instruments as follows:

Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two of the following four nationally recognized statistical rating organizations (NRSRO): Moodys, Standard and Poors, Fitch ICBA, or Duff and Phelps. Maturities can not be more than 270 days after the date of the purchase. Commercial paper of any one firm shall not exceed 10% of the City's investments, excluding bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States. The City shall be limited to a maximum of 10% of a firm's total outstanding commercial paper.

United States or federal agency or instrumentality obligation repurchase agreements.

Banker's Acceptances of United States Banks.

Obligations of this state or any of its political subdivisions that, at the time of purchase, are rated as investment grade by not less than 1 standard rating service.

Mutual funds, registered under the investment company act of 1940, composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Investment pools organized under the local government investment pools acts and/or, investment pools organized under the surplus funds investment pool act, provided the fund has an average maturity less than 90 days.

GENERAL CITY—DEPOSITS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be returned to the City. Most deposits are uninsured and uncollateralized. At year-end, the carrying value of the City's deposits (included in "Equity in Pooled Cash and Investments") was \$152,688,395 and the associated bank balances totaled \$151,969,531. Of the bank balances, \$1,200,000 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$150,769,531 were uninsured and exposed to custodial credit risk. The City has no policy regarding custodial credit risk.

The State of Michigan requires deposits to be maintained in depositories that maintain a principal office or branch office within the State of Michigan. City Commission Policy #400-01, initially adopted on September 26, 1989, establishes various criteria that qualify certain financial institutions, limits the total amount of certificates of deposit with any one institution, and provides for other practices used by the City of Grand Rapids to invest funds and control portfolio risk. Not less than annually, the City Treasurer's Office reviews the financial data of the banks with which deposits are placed to make sure the banks meet the City's profitability standard. Banks must show a net profit on three of their last four annual financial statements and an aggregate profit over the four-year period. The review includes, but is not limited to, evaluating the safety of the City's capital and defining parameters on the amount of City investments placed with any one institution. Pursuant to the Investment Policy, certificates of deposit with any one financial institution at the time of the investment are limited to 25% of total of certificates of deposits plus other investments. The City's certificates of deposits with an institution shall not exceed 25% of the total certificates the institution has issued over \$100,000.

If a bank is a new institution, the profitability standards are to be adjusted to available information requiring that financial reporting reflect an aggregate profit for the available reporting periods and an overall profit in 75% of the available periods for which information is available. In the event that the City Treasurer deems that sufficient capital exists, the profitability standard may be waived and amounts may be invested up to 1/10th of the capital (excluding borrowing, loan losses, and goodwill) of the financial institution.

At June 30, 2008, the City had the following deposits:

				 Tota	ls
Financial Institution	 ertificates of Deposit	oney Market Accounts	her Deposit Accounts	Dollars	Percentages
Chase Bank	\$ -	\$ 2,452,232	\$ -	\$ 2,452,232	1.61 %
Fifth Third Bank	-	1,617	889,277	890,894	0.58
Flagstar Bank	25,741,991	-	-	25,741,991	16.86
Founders Trust	5,000,000	-	-	5,000,000	3.27
Huntington Bank	26,850,000	508,406	-	27,358,406	17.92
Irwin Union Bank	4,350,000	-	-	4,350,000	2.85
Macatawa Bank	25,250,000	2,938,806	-	28,188,806	18.46
Mercantile Bank	31,750,000	-	-	31,750,000	20.79
Select Bank	1,740,000	-	-	1,740,000	1.14
TCF Bank	-	9,545,268		9,545,268	6.25
The Bank of Holland	7,900,000	-	-	7,900,000	5.17
Other deposits, various banks	 	 <u>-</u>	 7,770,798	 7,770,798	5.09
Total	\$ 128,581,991	\$ 15,446,329	\$ 8,660,075	\$ 152,688,395	100.00 %
Percentage	84.21 %	10.12 %	5.67 %	100.00 %	

GENERAL CITY—INVESTMENTS

Credit Risk

Credit Risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The investment policy limits this risk by limiting investments in commercial paper to those rated in one of the two highest classifications established by at least two NRSROs at the time of purchase and limiting the purchase of municipal obligations to those rated investment grade by at least one NRSRO. All Money Market Mutual Funds are rated AAA by two or more of the NRSROs.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the City may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes custodial credit risk by pre-qualifying broker/dealers, intermediaries and advisors with which the City executes investment transactions by reviewing references and the net worth of their investment company. At June 30, 2008 all investments were held by the City's agents in the City's name.

Interest Rate Risk

Interest rate risk is the exposure of investments to change in market value as interest rates change. The Treasurer's policy limits maturities of each investment to no longer than three years to minimize interest rate risk. As a general rule, the Office avoids the risk that changes in market interest rates will negatively impact any fund by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. The City avoids the need to sell securities in the open market by investing operating funds primarily in shorter-term laddered certificates of deposit securities, liquid asset funds, money market funds, or similar accounts and/or investment pools in accordance with the City's cash requirements. At June 30, 2008 the City's investments had the following maturities:

	 Fair Value	Maturity (Days)			
U. S. Treasury Notes	\$ 822,809	92			
Commercial Paper	33,915,538	7			
Money Market Mutual Funds	18,465,510	<90			

Concentration of Credit Risk

The City's Investment Policy places limits on the amount that may be invested in any one issuer. There is a maximum of 25% per financial institution at the time of investment. In addition, the purchase of commercial paper of any one company shall be limited to 10% of that company's total outstanding commercial paper and shall not exceed 10% of the City's investments at the time of purchase, when including Certificates of Deposit but excluding U.S. Treasury Securities. On June 30, 2008 more than 5% of the City's investments were in commercial paper of Wellpoint, Inc. and Nissan Motor Credit. These investments were 10.04% and 8.93% of the City's total investments, including non-negotiable certificates of deposit.

RETIREMENT SYSTEMS—DEPOSITS

The Systems do not maintain any checking or other demand/time deposit accounts. Accounts reported as cash in the statement of plan net assets are composed entirely of short-term investments in investment accounts or funds in the custody of the counter-party of an unsettled trade.

RETIREMENT SYSTEMS—INVESTMENTS

The investments of the City's two Retirement Systems are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965 (MCL 38.1132 *et seq*), which has numerous investment limitations depending on the type of investment. These restrictions are summarized in Note 7. In addition, contracts between the systems and their investment managers impose additional restrictions on the securities each investment manager may purchase on behalf of the system. Currently both retirement systems are utilizing the same managers with the same investment mandates, although the individual securities in each portfolio may differ. Each Retirement System has a different fiscal year end which also contributes to differences in the reported portfolio composition. The assets accumulated by a pension system are used to fund liabilities that mature decades in the future. Because of this long-term orientation, they are allowed to invest in assets that have substantially greater risk of decline in value over the short-term than would be prudent for the investments described above that are used to fund general city functions.

Custodial Credit Risk

Custodial Credit Risk for investments is the risk that in the event of the failure of the counter-party to a transaction, the system will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Custodial Credit Risk is minimized by having most investments either in the form of open end mutual funds, or held by the system's agent, Northern Trust Co., in the name of the system. As of December 31, 2007, \$78,553 of the Police and Fire Retirement System (P&F) cash equivalents were exposed to custodial credit risk because they were uninsured, uncollateralized and not held by the system's custodian. As of June 30, 2008, \$443,751 of the General Retirement System (GRS) cash equivalents were exposed to custodial credit risk because they were an uninsured, uncollateralized deposit not held by the system's custodian.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. State statute and the systems' investment policies provide that no single issuer will represent more than 5% of the total fund. As of each system's fiscal year end, no single issuer within either portfolio represented more than 5% of the total fund or of the plan net assets.

Credit Risk

Credit Risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The fixed income portfolio invests in both investment grade bonds as well as high yield bonds rated below investment grade, however, the Investment Policy states the composite credit rating for the entire portfolio is not to be below an "A" rating.

As of December 31, 2007, the fixed income securities in the P&F portfolio had the following credit ratings:

Fair value by	S&P Rating																		
Investment Type		AAA		AA		A		BBB		BB		B		CCC		AGY/TSY		Not Rated	
Asset Backed Securities Commercial Mortgage Backed	\$	7,344,250 1,969,800	\$	- -	\$	-	\$	-	\$	164,688 -	\$		- -	\$	-	\$	-	\$	338,834
Corporate Bonds		247,140		2,000,594		3,976,095		4,553,283		176,299			-	2	282,750		-		53,941,086
Government Agencies		187,794		-		-		-		-			-		-		-		-
Government Bonds		7,362,127		-		-		82,838		-			-		-		-		-
Government Mortgage Backed		-		-		-		-		-			-		-		13,187,899		-
Index Linked Gov. Bonds		-		-		-		-		-			-		-		-		-
Municipal/Provincial Bonds		-		-		-		182,992		-			-		-		-		-
Non-Government Bkd. – CMOs		5,101,856		-		-		-		-			-		-		-		3,579,396
Short-term Investment Funds		-		-	_	-		-		-	_						-		3,666,600
	\$	22,212,967	\$	2,000,594	\$	3,976,095	\$	4,819,113	\$	340,987	\$			\$ 2	282,750	\$	13,187,899	\$	61,525,916

As of June 30, 2008, the securities in the GRS portfolio had the following credit ratings:

Fair value by	S&P Rating									
Investment Type	AAA	AA	A	BBB	BB	В	CCC	AGY/TSY	Not Rated	
Asset Backed Securities	\$ 7,351,884 \$	783,195	\$ -	\$ -	\$ 139,200	-	\$ -	\$ -	\$ 304,870	
Commercial Mortgage Backed	1,854,405	-	-	-	-	-	-	-	442,570	
Corporate Bonds	245,330	1,365,010	3,769,755	4,394,452	375,827	71,857	259,887	-	55,801,063	
Government Agencies	1,916,725	-	-	272,500	-	-	-	-	545,612	
Government Bonds	7,279,726	-	-	79,575	-	-	-	-	-	
Government Mortgage Backed	-	-	-	-	-	-	-	13,340,882	-	
Municipal/Provincial Bonds	-	-	-	126,705	-	-	-	-	-	
Non-Government Bkd. – CMOs	4,365,785	-	-	-	-	-	-	-	3,206,795	
Short-term Investment Funds									4,695,189	
	\$ 23,013,855 \$	2,148,205	\$ 3,769,755	\$ 4,873,232	\$ 515,027	71,857	\$ 259,887	\$ 13,340,882	\$ 64,996,099	

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Both Retirement Systems structure their fixed income portfolios to be approximately neutral in duration and interest rate risk to that of the benchmark (Lehman Aggregate Index). The two portfolios contained the following debt investments and maturities at their respective fiscal year ends:

Police & Fire:			Investment Maturities in Years								
Investment Type	Investment Type Fair value			1 - 6		6 - 10		ore than 10	Not Determi		
Asset Backed Sec.	\$ 7,847,772	\$ -	\$	3,076,883	\$	-	\$	4,770,889	\$	-	
Commercial Mtg. Bkd.	1,969,800	-		-		-		1,969,800		-	
Corporate Bonds	65,177,247	647,619		5,372,757		1,688,568		4,479,931		52,988,372	
Government Agencies	187,794	-		187,794		-		-		-	
Government Bonds	7,444,964	-		-		-		7,444,964		-	
Government Mortgage Backed	13,187,899	-		72,260		3,715,435		9,400,204		-	
Municipal/Provincial Bonds	182,992	-		34,838		-		148,154		-	
Non-Government Bkd. – CMOs	8,681,252	-		-		-		8,681,252		-	
Short-Term Investment Funds	3,666,600	3,666,600		<u>-</u>							
	\$ 108,346,320	\$ 4,314,219	\$	8,744,532	\$	5,404,003	\$	36,895,194	\$	52,988,372	

General Retirement System:			Investment Maturities in Years									
Investment Type	Fair value		Less than 1		1 - 6		6 - 10		More than 10		Not Determined	
Asset Backed Sec.	\$	8,579,149	\$	-	\$	3,461,788	\$	540,217	\$	4,577,144	\$	-
Commercial Mtg. Bkd.		2,296,976		-		-		-		2,296,976		-
Corporate Bonds		66,283,181		-		5,754,926		1,354,659		4,052,386		55,121,210
Government Agencies		2,734,837		-		2,189,225		-		545,612		-
Government Bonds		7,359,301		-		-		1,122,687		6,236,614		-
Government Mortgage Backed		13,340,882		-		373,070		2,925,657		10,042,155		-
Municipal/Provincial Bonds		126,705		-		-		-		126,705		-
Non-Government Bkd. – CMOs		7,572,579		-		-		-		7,572,579		-
Short-Term Investment Funds		4,695,189		4,695,189								-
	\$	112,988,799	\$	4,695,189	\$	11,779,009	\$	5,943,220	\$	35,450,171	\$	55,121,210

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. In general, the foreign currency exposure resulting from international investments is not hedged. This exposes the portfolio to foreign currency risk, which is not expected to harm or help the performance of the fund in a significant way over the long term. As of the indicated fiscal year-ends, the systems had the indicated U.S. dollar value of investments denominated in the indicated foreign currencies:

Investment Type	Currency Denomination	P&F at December 37	Ju.	GRS at ne 30, 2008	
			1, 2007		
Common & Preferred Stock	Argentinian peso	\$	-	\$	587,433
	Austrialian dollar		52,818		1,463,674
	Brazilian real		68,129		3,439,661
	British pound	8,7	12,073		8,114,278
	Canadian dollar	6,9	99,334		7,250,185
	Euro	17,2	48,261		20,896,603
	France	6	77,733		696,656
	Hong Kong dollar	3	93,073		781,005
	Japanese yen	6,6	10,280		6,278,083
	Norwegian krone	1,2	09,627		1,283,340
	Republic of Korea won	5	73,147		550,802
	Swedish krona	1	24,952		650,778
	Swiss franc	8	33,388		1,147,917
Government Bonds	Mexican peso		82,838		352,075
Corporate Bonds	Australian dollar	3	80,222		652,046
	Brazilian real	2	52,903		255,402
	British pound	3	83,851		346,737
	Euro	8	83,847		905,745
	Hong Kong dollar	2	33,888		225,239
	Mexican peso	2	76,250		-
	Republic of Korea won		45,652		521,070
		\$ 50,8	42,266	\$	56,398,729

Securities Lending Risk

Public Act 314 permits and Trustees have implemented a Securities Lending program whereby the system, through The Northern Trust Company (NT), lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Both systems authorized NT to utilize the Core U.S.A. Collateral Section in which all collateral is in U.S. dollars only and available to participating lenders who are domiciled or reside in the U.S.A. Cash, letters of credit, or government securities are collateral for loans of securities to approved borrowers. Initial collateral levels will not be less than 102% of the market value of the borrowed securities, or not less than 105% if the borrowed securities and the collateral are denominated in different currencies.

As of December 31, 2007, the P&F had the following balances related to securities lending transactions:

	Fair Value of Loaned									
	Securities	s Collateralized by								
Investment Type		Cash Collateral		ash Collateral	Non-C	Cash Collateral	Non-Cash Collateral			
Global Equities	\$	4,528,029	\$	4,747,461	\$	363,104	\$	384,069		
U.S. Agencies		189,194		192,816		-		-		
U.S. Corporate Fixed Income		1,633,707		1,670,811		260,502		265,874		
U.S. Equities		5,806,893		5,966,378		-		-		
U.S. Govt. Fixed Income		2,789,814		2,834,273		4,704,472		4,799,787		
	\$	14,947,637	\$	15,411,739	\$	5,328,078	\$	5,449,730		

As of June 30, 2008, the GRS had the following balances related to securities lending transactions:

		alue of Loaned s Collateralized by				alue of Loaned s Collateralized by		
Investment Type	Cas	sh Collateral	Ca	ash Collateral	Non-C	ash Collateral	Non-C	ash Collateral
Global Equities	\$	8,198,837	\$	8,677,366	\$	602,499	\$	637,368
U.S. Agencies		1,394,485		1,430,254		-		2
U.S. Corporate Fixed Income		1,966,943		2,022,086		-		3
U.S. Equities		7,457,947		7,671,274		-		4
U.S. Govt. Fixed Income		6,882,513		7,043,886		-		5
	\$	25,900,725	\$	26,844,866	\$	602,499	\$	637,382

At their fiscal year-ends, neither system had credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the Retirement Systems. NT shall indemnify the systems if it is unable to recover borrowed securities and distributions made during the term of the loan or loans with respect to those securities as a result of either 1) NT fails to make a reasonable determination of the creditworthiness of a borrower, 2) NT fails to demand adequate and appropriate collateral on a prompt and timely basis, perfect a security interest, obtain equivalent rights in the collateral or maintain control of the collateral or 3) NT fails to otherwise perform its duties and responsibilities under its agreement with the systems or applicable law. All securities loans can be terminated on demand by either the system or NT and is subject to the performance by both parties of any of their respective obligations that remain outstanding at the time of termination. Upon termination of this program by either party, NT shall terminate all outstanding loans of the securities and shall make no further loans. The systems do not have the ability to pledge or sell collateral securities without a borrower default. There are no restrictions on the amount of the loans that can be made. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower.

3. Stewardship, Compliance and Accountability

The legal level of budgetary control is the department level within each fund. With the exception of, the General Fund, the Street Funds, and various Capital Project and Grant Funds where authorized appropriations span multiple years, funds contain the operations of a single department. For the year ended June 30, 2008, expenditures exceeded appropriations in the following annually budgeted governmental funds:

Fund	Excess
General Special Revenue	3,821

4. Restricted Assets

Certain bond issues require the restriction of assets. The amount of restricted assets is determined by authorized construction projects, requirements specified in bond ordinances and current bond maturities. Restricted assets as shown in the Statement of Net Assets as of June 30, 2008 consist of the following:

	Enterprise Funds										
	Water	Supply System	Sewage	Disposal System	Inte	rnal Service		Total			
Equity in pooled cash and investments	\$	6,998,830	\$	11,338	\$	-	\$	7,010,168			
Funds held by trustee		6,603,689		5,438,011		1,942,972		13,984,672			
Loans receivable		323,835		156,989		-		480,824			
Deferred bond costs		5,852,865		1,442,569				7,295,434			
Total restricted assets	\$	19,779,219	\$	7,048,907	\$	1,942,972	\$	28,771,098			

5. Capital Assets

Capital assets at June 30, 2008 are summarized as follows:

	Balance July 1, 2007		Additions		Deletions		J	Balance une 30, 2008
Governmental activities		_		_		_		_
Capital assets, not being depreciated:								
Land	\$	16,736,507	\$	626,751	\$	1,139,911	\$	16,223,347
Construction in progress		11,502,947		6,066,441		6,582,262		10,987,126
Total capital assets, not being depreciated		28,239,454		6,693,192		7,722,173		27,210,473
Capital assets, being depreciated:								
Land improvements		32,393,010		-		-		32,393,010
Buildings and structures		169,704,012		7,072,074		-		176,776,086
Leasehold improvements		254,766		-		-		254,766
Machinery and equipment		25,154,383		2,095,540		-		27,249,923
Motor vehicles		42,981,786		4,118,715		2,657,922		44,442,579
Furniture		5,162,224		-		-		5,162,224
Infrastructure		516,243,987		1,655,732		516,496		517,383,223
Total capital assets, being depreciated		791,894,168		14,942,061		3,174,418		803,661,811
Less accumulated depreciation for:								
Land improvements		17,178,018		1,428,280		-		18,606,298
Buildings and structures		56,467,823		6,401,826		-		62,869,649
Leasehold improvements		254,766		-		-		254,766
Machinery and equipment		15,566,936		1,943,328		-		17,510,264
Motor vehicles		26,956,192		3,761,106		2,657,922		28,059,376
Furniture		3,598,567		227,345		-		3,825,912
Infrastructure		227,465,237		18,155,897		302,791		245,318,343
Total accumulated depreciation		347,487,539		31,917,782		2,960,713		376,444,608
Total capital assets, being depreciated, net		444,406,629		(16,975,721)		213,705		427,217,203
Governmental activities capital assets, net	\$	472,646,083	\$	(10,282,529)	\$	7,935,878	\$	454,427,676

	Balance July 1, 2007		Additions		Deletions	Jı	Balance une 30, 2008
Business-type activities							
Capital assets, not being depreciated:							
Land	\$	10,169,912	\$ 90,498	\$	278,915	\$	9,981,495
Construction in progress		41,183,618	 4,921,303		21,042,934		25,061,987
Total capital assets, not being depreciated		51,353,530	5,011,801		21,321,849		35,043,482
Capital assets, being depreciated:							
Land improvements		20,403,880	3,107,944		-		23,511,824
Buildings and structures		151,283,449	10,657,066		-		161,940,515
Storage tanks		16,168,302	41,711		-		16,210,013
Water meters		7,375,481	-		-		7,375,481
Machinery and equipment		166,731,120	10,564,296		51,276		177,244,140
Motor vehicles		1,815,802	-		381,535		1,434,267
Furniture		1,843,640	13,348		-		1,856,988
Sewer service mains		320,663,053	37,640,162		-		358,303,215
Water mains		223,537,164	 4,551,460				228,088,624
Total capital assets, being depreciated		909,821,891	 66,575,987		432,811		975,965,067
Less accumulated depreciation for:							
Land improvements		12,993,866	985,323		-		13,979,189
Buildings and structures		57,375,199	3,219,432		-		60,594,631
Storage tanks		7,788,611	396,762		-		8,185,373
Water meters		7,073,548	83,058		-		7,156,606
Machinery and equipment		95,551,005	4,409,851		51,276		99,909,580
Motor vehicles		527,749	295,639		368,791		454,597
Furniture		1,575,886	52,030		-		1,627,916
Sewer service mains		84,283,700	6,556,485		-		90,840,185
Water mains		48,714,181	 2,981,870				51,696,051
Total accumulated depreciation		315,883,745	 18,980,450		420,067		334,444,128
Total capital assets, being depreciated, net		593,938,146	 47,595,537		12,744		641,520,939
Business-type activities capital assets, net	\$	645,291,676	\$ 52,607,338	\$	21,334,593	\$	676,564,421

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 1,711,658
Public safety	2,939,756
Public works	18,717,033
Culture and recreation	4,626,426
Capital assets held by the government's internal service funds	 3,922,909
Total depreciation expense - governmental activities	\$ 31,917,782
Business-type activities	
Water	\$ 6,740,025
Sewer	10,813,594
Auto parking	1,229,853
Other	 196,978
Total depreciation expense - business-type activities	\$ 18,980,450

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the 61st District Court for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, being depreciated:			_	
Motor vehicles		20,212		20,212
Total capital assets, being depreciated		20,212		20,212
Less accumulated depreciation for:				
Motor vehicles		1,925		1,925
Total accumulated depreciation		1,925		1,925
Total capital assets, being depreciated, net	-	18,287		18,287
61st District Court capital assets, net	<u>\$</u> -	\$ 18,287	\$ -	\$ 18,287

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the Downtown Development Authority for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007			Additions	D	eletions	Ju	Balance ine 30, 2008
Capital assets, not being depreciated:		_	,	_		_		
Land	\$	11,865,686	\$	2,048,171	\$	87,500	\$	13,826,357
Construction in progress		85,593		63,506				149,099
		11,951,279		2,111,677		87,500		13,975,456
Capital assets, being depreciated:								
Land improvements		7,899,072		-		-		7,899,072
Buildings and structures		58,845,693		-		-		58,845,693
Machinery and equipment		6,361,044		-		112,000		6,249,044
Furniture		2,827,540		-				2,827,540
Total capital assets, being depreciated		75,933,349		<u>-</u>		112,000		75,821,349
Less accumulated depreciation for:								
Land improvements		3,037,990		335,682		-		3,373,672
Buildings and structures		21,091,998		1,962,226		-		23,054,224
Machinery and equipment		2,708,712		236,004		112,000		2,832,716
Furniture		1,013,202		94,251		-		1,107,453
Total accumulated depreciation		27,851,902		2,628,163		112,000		30,368,065
Total capital assets, being depreciated, net		48,081,447		(2,628,163)				45,453,284
Downtown Development Authority capital assets, net	\$	60,032,726	\$	(516,486)	\$	87,500	\$	59,428,740

Activity for the Tax Increment Financing Authority for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007			dditions	D	eletions	Balance June 30, 2008		
Capital assets, not being depreciated:									
Land	\$	1,280,000	\$	-	\$	-	\$	1,280,000	
Construction in progress		399,825				399,825		-	
		1,679,825				399,825		1,280,000	
Capital assets, being depreciated:									
Land improvements		3,337,341		450,357		-		3,787,698	
Buildings and structures		173,655		-		-		173,655	
Total capital assets, being depreciated		3,510,996	-	450,357	-			3,961,353	
Less accumulated depreciation for:									
Land improvements		1,360,002		185,632		-		1,545,634	
Buildings and structures		70,186		8,682		-		78,868	
Total accumulated depreciation		1,430,188	-	194,314	-			1,624,502	
Total capital assets, being depreciated, net		2,080,808		256,043				2,336,851	
Tax Increment Financing Authority capital assets, net	\$	3,760,633	\$	256,043	\$	399,825	\$	3,616,851	

The Smart Zone Local Development Financing Authority and the Brownfield Redevelopment Authority do not have capital assets.

The City has active construction projects as of June 30, 2008. The major projects include various Water Supply System, Sewage Disposal System and Street Construction Projects. At year-end, the City's major commitments with contractors are as follows:

	S _I	pent-to-Date	Remaining commitment
Projects:			
Various water mains and system construction projects	\$	23,233,448	\$ 7,892,995
Various sewer mains and system construction projects		3,106,109	19,837,236
Various street construction projects		6,330,490	 3,568,651
Total	\$	32,670,047	\$ 31,298,882

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2008:

	Beginning Balance			Additions Reductions		Reductions	En	ding Balance	Due within One Year		
Governmental Activities											
Bonds & contracts payable:											
General obligation limited tax bonds	\$	91,465,096	\$	427,560	\$	(8,952,510)	\$	82,940,146	\$	8,281,972	
Revenue bonds		35,650,000		-		(790,000)		34,860,000		865,000	
State Loans		1,022,755		-		(191,505)		831,250		199,165	
Premium on bonds		1,051,568		-		(68,930)		982,638		-	
Less deferred amounts:											
On refunding		(943,744)		-		61,144		(882,600)		-	
Issue costs/discounts		(1,649,374)				118,486		(1,530,888)		-	
Total bonds & contracts payable		126,596,301		427,560		(9,823,315)		117,200,546		9,346,137	
Insurance Claims		7,893,865		-		(1,643,051)		6,250,814		4,480,814	
Compensated absences		10,070,299		9,347,195		(9,892,104)		9,525,390		5,619,980	
Net OPEB Obligation		· · · · -		8,788,152		-		8,788,152		· · · · -	
Total Long-term Liabilities-											
Governmental Activities	\$	144,560,465	\$	18,562,907	\$	(21,358,470)	\$	141,764,902	\$	19,446,931	
Business-Type Activities											
Bonds & contracts payable:											
General obligation limited tax bonds	\$	25,463,909	\$	-	\$	(1,536,017)	\$	23,927,892	\$	1,109,334	
Revenue bonds		324,883,297		-		(13,081,585)		311,801,712		13,611,433	
Premium on bonds		4,701,978		-		(234,275)		4,467,703		-	
Less deferred amounts:						, ,					
On refunding		(7,765,349)				639,827		(7,125,522)		<u>-</u> _	
Total bonds & contracts payable		347,283,835		_		(14,212,050)		333,071,785	·	14,720,767	
Net OPEB Obligation		-		1,495,344		-		1,495,344		-	
Total Long-term Liabilities-								· · ·			
Business-Type Activities	\$	347,283,835	\$	1,495,344	\$	(14,212,050)	\$	334,567,129	\$	14,720,767	
, ,	Ψ	047,200,000	Ψ	1,400,044	Ψ	(14,212,000)	Ψ	004,007,120	Ψ	14,720,707	
Component Units											
Bonds & contracts payable:	\$	5,335,851	\$		\$	(151,801)	\$	5,184,050	\$	157 750	
General obligation limited tax bonds Revenue bonds	Ф	, ,	Ф	-	Ф	, ,	Ф	, ,	Ф	157,750	
Accrued interest		39,320,720 14,064,430		1,762,201		(3,015,000)		36,305,720 15,826,631		1,215,300 2,094,700	
				1,762,201		(76.052)					
State Loans		410,440		-		(76,853)		333,587		79,926	
Premium on bonds		62,627		-		(2,982)		59,645		<u> </u>	
Total bonds & contracts payable		59,194,068		1,762,201		(3,246,636)		57,709,633		3,547,676	
Compensated absences		592,951		456,680		(522,683)		526,948		310,899	
Net OPEB Obligation				374,429				374,429			
Total Long-term Liabilities-											
Component Units	\$	59,787,019	\$	2,593,310	\$	(3,769,319)	\$	58,611,010	\$	3,858,575	

Governmental Activities	Maturity Dates	Interest Rates	Outstanding Balance
Bonds and Contracts:			
2004A Grand Rapids Building Authority (Condo II-sublease)	10-07 to 10-28	3.85 - 5.75%	\$ 17,300,000
2003 Grand Rapids Building Authority Refunding Bonds	4-08 to 4-13	3 - 3.85%	1,518,608
2002A Grand Rapids Building Authority (Condo II)	10-07 to 10-28	3.38 - 5.5%	17,560,000
2002 Grand Rapids Building Authority (Arch. Ctr. Ph II)	4-08 to 4-22	4.2 - 5.1%	2,845,000
2000 Grand Rapids Building Authority (Police Facilities)	8-07 to 8-20	4.75 - 5.75%	19,310,000
1999 Grand Rapids Building Authority (Archive Center)	4-08 to 4-19	4.8 - 5.25%	1,315,000
1998 Grand Rapids Building Authority (Library)	4-08 to 4-18	4.45 - 5%	14,255,000
1997 Grand Rapids Building Authority Refunding Bonds	10-07 to 10-09	4.8 - 4.9%	515,000
1993 Grand Rapids and County of Kent Joint Building Authority Contract	1-08 to 1-14	5%	1,400,000
2007 Capital Improvement Bonds	9-08 to 9-27	4 - 5%	14,740,000
2003 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-07 to 10-18	3 - 4.2%	2,055,000
1999 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-07 to 10-14	5 - 5.5%	6,150,000
Kent County Drain Commission Contract payable (2003)	11-07 to 11-15	2.75 - 4.25%	3,172,088
Kent County Drain Commission Contract payable (2000 Floodwalls)	11-07 to 11-20	5 - 5.55%	2,106,050
Kent County Drain Commission Contract payable (1997 Floodwalls)	11-07 to 11-17	4.5 - 5%	4,073,400
2001 MDOT Contract Payable	7-07 to 7-12	4%	831,250
Other 2004 installment purchase agreements	6-08 to 6-12	3.5 - 4%	714,244
Other 2002A installment purchase agreements	6-08 to 6-09	3.5 - 4.4%	513,560
Information Technology - 2006A Installment Purchase agreements	12-07 to 12-14	4%	1,588,000
Motor Equipment System - 2006A Installment Purchase agreements	12-07 to 12-14	4%	1,472,000
Motor Equipment System - 2006 Installment Purchase agreements	6-08 to 6-14	4%	3,020,000
Motor Equipment System - 2004 Installment Purchase agreements	6-08 to 6-12	3.5 - 4%	695,756
Motor Equipment System - 2002A Installment Purchase agreements	6-08 to 6-17	3.5 - 4.4%	881,440
Motor Equipment System - 2002 Installment Purchase agreements	6-08 to 6-10	5%	600,000
Other:			118,631,396
Insurance Claims			6,250,814
Compensated Absences			9,525,390
Net OPEB Obligation			8,788,152
Unamortized Bond Premium			982,638
Unamortized Bond Discount			(1,530,888)
Deferred amount on Refunding Bonds			(882,600)
			23,133,506
Less amounts due within one year:			23,133,300
Bonds & Contracts Payable			(9,346,137)
Insurance Claims			(4,480,814)
Compensated Absences			(5,619,980)
			(19,446,931)
Total Long-Term Portion Governmental Activities			<u>\$ 122,317,971</u>

Business-Type Activities	Maturity Dates	Interest Rates	Outstanding Balance
Bonds and Contracts:			
2005 Water Supply System Revenue Bonds	1-08 to 1-35	3.5 - 5%	\$ 33,780,000
2000 Water Supply System Refunding Bonds	1-08 to 1-18	5 - 5.75%	61,405,000
1993 Water Supply System Revenue Bonds	1-08 to 1-20	1.8 - 4.45%	32,900,000
2005 Sanitary Sewer System Revenue Bonds	1-08 to 1-35	3.5 - 5.125%	49,585,000
2004 Sanitary Sewer System Revenue Bonds	1-08 to 1-34	3 - 5%	36,725,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-08 to 1-28	4.75 - 5.5%	74,200,000
1995A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-08 to 4-16	2%	1,711,712
1995B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-07 to 10-16	2%	1,745,000
1994A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-07 to 10-14	2%	4,275,000
1994B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-08 to 4-15	2%	2,565,000
1993A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-07 to 10-13	2%	3,570,000
1993B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-07 to 10-14	2%	3,450,000
1992A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-07 to 10-13	2%	4,890,000
1992B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-07 to 10-13	2%	585,000
1991 Sanitary Sewer System Junior Lien Revenue Bonds	10-07 to 10-13	2%	415,000
2006 Grand Rapids Building Authority Bonds	10-07 to 10-36	4 - 4.5%	7,255,000
2003 Grand Rapids Building Authority Bonds Refunding Bonds	4-08 to 4-13	3 - 3.85%	1,866,392
2001 Grand Rapids Building Authority Bonds Refunding Bonds	10-07 to 10-20	4 - 5.1%	4,810,000
2001 Grand Rapids Building Authority Bonds	10-10 to 10-31	4.38 - 5.13%	9,150,000
Kent County Drain Commission Contract Payable (2000 Floodwall Project)	11-07 to 11-20	5 - 5.55%	288,500
Kent County Drain Commission Contract Payable (1997 Floodwall Project)	11-07 to 11-17	4.5 - 5%	558,000
Other:			335,729,604
Bond Premium			4,467,703
Net OPEB Obligation			1,495,344
Deferred Amount on GRBA Refunding Bonds			(224,574)
Deferred Amount on Water Refunding Bonds			(4,358,109)
Deferred Amount on Sewer Refunding Bonds			(2,542,839)
Less amounts due within one year:			334,567,129
Bonds & Contracts Payable			(14,720,767)
Total Long-Term Portion Business-Type Activities			\$ 319,846,362

Governmental Funds Component Units	Maturity Dates	Interest Rates	Outsta	anding Balanc
Bonds and Contracts:				_
1994 Downtown Development Authority Tax Increment Revenue Bonds	6-07 to 6-24	6.88 - 7.35%	\$	36,305,720
MDOT Contract Payable	7-07 to 7-12	4%		333,587
Kent County Drain Commission Contracts Payable (2000 Floodwall Project)	11-07 to 11-20	5 - 5.55%		490,450
Kent County Drain Commission Contracts Payable (1997 Floodwall Project)	11-07 to 11-17	4.5 - 5%		948,600
Satellite SmartZone (2004)	6-08 to 6-28	3.38 - 5.38%		3,745,000
Other:				41,823,357
Premium on bonds				59,645
Accrued interest on Capital appreciation portion of 1994 issue				15,826,631
Compensated absences				526,948
Net OPEB Obligation				374,429
				58,611,010
Less amounts due within one year:				
Bonds & Contracts Payable				(3,547,676)
Compensated absences				(310,899)
Total Long-Term Portion Governmental Component Units			\$	54,752,435

On April 8, 2008, the City of Grand Rapids converted the 1993 Water Supply System Improvement Variable Rate Demand Revenue Bonds into Fixed Rate Bonds. The Variable Rate Bonds were bearing interest at approximately 10.725%, after amortizing all costs associated with the refunding transaction the all-in true interest costs for the fixed rate is 6.40% and the payback for the conversion is estimated at 2.3 years.

During fiscal year 2008, the City sold a portion of property which was originally purchased with 2003 Michigan Transportation Fund Bond Proceeds, therefore that portion of the bonds was defeased.

Revenue bond issues with the exception of the DDA Tax Increment Bonds are collateralized by capital assets constructed from bond proceeds. The current debt service requirements are provided by net revenues derived from operations of the various Enterprise Funds and are specifically restricted as detailed in Note 4.

The bonds issued by the GRBA have been recorded in the governmental activities for government-wide presentation except for the series 2001 Monroe Center Ramp and refunding of Ottawa/Fulton Ramp issue, a portion of the 2003 Refunding bond issue for which the obligations and related assets are recorded in the Auto Parking System Enterprise Fund, and the series 2006 issue for the construction of the Cherry/Commerce Parking Ramp. The City pays the current debt service requirements on these bonds in the form of lease payments to the GRBA. The City has pledged its limited full faith and credit on these bonds.

The 1993 bonds issued by the JBA are recorded in governmental activities for government-wide presentation and the related assets (the museum parking ramp) have been recorded in the governmental activities capital assets. The current debt service requirements are paid by the DDA, a component unit of the City. The City has pledged its limited full faith and credit on these bonds.

Amounts reflected as Contracts Payable (with Kent County) represent the City's liability for road, intra-county drain and improvement projects in which it participated or is participating with the County.

The Motor Vehicle Highway Revenue Bond (Act 175) issues are backed by the limited full faith and credit of the City. Current debt service requirements are funded by state collected taxes returned to the City for highway purposes and are maintained in a debt service fund.

The Installment Purchase Agreements or Municipal Purchase Notes Series issued by the City, depending on the nature of the Purchase Agreements, are reported as business or governmental assets and liabilities for Government-wide presentation. These agreements are general obligations of the City.

The bonds issued by the DDA were issued in anticipation of Tax Increment Revenues on taxable properties in the Development area. The debt service requirements are financed from property tax revenues collected in the DDA Governmental fund type.

The City's total bonded debt does not include the 2001 JBA bonds of \$72,803,904 or the 2003 JBA bonds of \$8,530,000. These bonds were issued to finance a substantial portion of the new DeVos Place Convention Center Facility. The bonds are payable from the proceeds of semi-annual rental payments in amounts sufficient to pay principal and interest on the bonds. The County has the sole responsibility for the repayment of this debt through its Hotel/Motel tax receipts and general assets. The Downtown Development Authority has pledged to reimburse the county for half of the debt service payments on the 2003 bonds. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

Amounts due for Compensated Absences are liquidated as they become payable by the funds from which the related employees' compensation is paid.

The annual requirements for debt service payments on long term bonds and contracts payable at June 30, 2008 are:

										Component Units						
Fiscal Year	Fiscal Year		Governmental Activities				Business Type Activities			Governmental				Totals		
		Principal		Interest		Principal		Interest		Principal		Interest		Principal		Interest
2009	\$	9,346,137	\$	5,680,407	\$	14,720,767	\$	15,757,181	\$	1,452,976	\$	4,177,997	\$	25,519,880	\$	25,615,585
2010		9,157,093		5,289,182		15,435,822		15,213,473		1,396,849		4,332,340		25,989,764		24,834,995
2011		8,560,046		4,897,631		15,610,566		14,614,141		1,405,379		4,468,149		25,575,991		23,979,921
2012		8,396,417		4,518,427		16,114,504		13,963,174		1,449,478		4,609,607		25,960,399		23,091,208
2013		7,650,505		4,140,180		16,899,366		13,275,081		1,337,219		4,753,295		25,887,090		22,168,556
2014-2018		36,587,448		15,123,661		83,156,079		54,986,144		6,103,153		25,362,464		125,846,680		95,472,269
2019-2023		20,243,750		7,352,805		48,017,500		37,991,523		22,843,303		7,563,079		91,104,553		52,907,407
2024-2028		16,015,000		2,914,144		62,435,000		24,815,343		5,835,000		528,831		84,285,000		28,258,318
2029-2033		2,675,000		71,900		43,995,000		11,165,884		-		-		46,670,000		11,237,784
2033-2037		-				19,345,000		1,400,013		-			_	19,345,000		1,400,013
	\$	118,631,396	\$	49,988,337	\$	335,729,604	\$	203,181,957	\$	41,823,357	\$	55,795,762	\$	496,184,357	\$	308,966,056

The City is in compliance with all significant limitations and restrictions contained in various bond indentures.

DEFEASANCE OF OUTSTANDING DEBT

In prior years, the City defeased the remaining outstanding principal, or a major portion thereof, of the following issues by depositing U.S. Treasury bonds and notes with an escrow agent:

Year of Issue	Description	Amount utstanding at une 30, 2008
2002A 2003	Grand Rapids Building Authority (Condo II) Michigan Transportation Bonds	\$ 11,670,000 865,000

The funds are held by escrow agents in irrevocable trust funds segregated for the benefit of the holders of the outstanding bonds, and accordingly the trust funds' assets and the liability for the defeased bonds are not included in the City's financial statements.

6. Long-Term Obligations, continued:

WORKERS COMPENSATION

Although the liability for Workers' Compensation is recorded in the Insurance Payment Internal Services Fund, it remains a liability of the City. The operating budget of the City reflects the amounts required to pay for these liabilities. These amounts are reported as revenue to the Insurance Payment Fund, which is used to pay actual claims and related costs.

COMPENSATED ABSENCES

The City provides employees with paid time off—including vacation, sick and compensatory time off for overtime—as defined by Collective Bargaining Agreements and City policies. This liability for unused time is reported in the Government Funds statements as a designated portion of Fund Balance under modified accrual accounting and in the Government-wide, Proprietary, and Internal Service statements as a liability under the full accrual method of accounting.

7. Retirement Plans

The City has two single-employer defined benefit pension plans which provide retirement and disability benefits to plan members and beneficiaries. The Police and Fire Retirement System covers eligible employees who are police officers and firefighters regularly employed by the City. The General Retirement System covers other eligible employees regularly employed by the City, including the 61st District Court. Benefit provisions are established and amended by City Ordinance. Each System issues publicly available audited financial reports that include financial statements and required supplementary information. The Pension financial reports can be obtained from the City of Grand Rapids Retirement Systems Office at the address shown in Note 1 and are available on-line within the Retirement Systems section of the City web site, www.grcity.us.

BASIS OF ACCOUNTING

The Systems' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due according to a formal commitment the City has made to provide the contributions. Plan member contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Police and Fire System has adopted a December 31 year-end. The General Retirement System shares a June 30 year-end with the primary government. These financial statements are prepared using the most recent audited statements of each system. The actuarial information is from the most recent available actuarial statements of each system.

<u>INVESTMENTS</u>

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

The investments of these Systems are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965, which has numerous investment limitations depending on the type of investment. The most significant requirements as they impact the Systems are:

7. Retirement Plans, continued:

- 1. Investments in U.S. equities are limited to 70% of the Systems' assets and investments in the stock of any one corporation are limited to 5% of the Systems' assets;
- 2. Equity investments in real estate are limited to 5% of the Systems' assets;
- 3. Investments in state and local government obligations are limited to 5% of the Systems' assets;
- 4. Investments in foreign securities are limited to 20% of the Systems' assets.

FUNDING POLICY

The contribution requirements of plan members and the City are based on City Ordinance. Employee contribution rates vary based on union contracts. The employer contribution is based on an actuarial valuation conducted annually. The contribution rates for fiscal year 2008 and related actuarial information as of the most recent actuarial valuation for each plan is as follows:

	Police and Fire Retirement System	General Retirement System
Contribution Rates:		
City *	0.00%	11.86%
Plan Members	3.2 - 8.86%	2.0% - 6.27%
Actuarial valuation date	December 31, 2007	June 30, 2007
Actuarial cost method	Individual entry age	Individual entry age
Amoritization method	Level percent, open	Level percent, closed
Remaining amoritization period	15 years for unfunded actuarial liabilities	13 years for unfunded actuarial liabilites
Asset valuation method	2 year smoothed market	3 year smoothed market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4% - 21%	4% - 8%
including wage inflation at	4.0%	3.5%
Post-retirement benefit changes	none	none
* Employer contributions.		

7. Retirement Plans, continued:

Three year trend information on costs:	Year	Ar	nnual Pension Cost (APC)	Percentage of APC Contributed	 Net Pension Obligation
Police and Fire Retirement System	December 30, 2005 December 31, 2006 December 31, 2007	\$	192,259 - -	100% n/a n/a	\$ - - -
General Retirement System	June 30, 2005 June 30, 2006 June 30, 2007		8,632,941 8,596,017 8,733,871	100 100 100	- - -

Below is funded status information for each plan as of its most recent actuarial valuation dates. The Schedule of Funding Progress in the Required Supplemental Information section immediately following the Notes presents multiyear trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Actuarial Valuation Date		ctuarial Value f Plan Assets	 tuarial Accrued _iability (AAL)	U	nfunded AAL (UAAL)	Funded Ratio	Co	vered Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b)		(b-a)	(a/b)		(c)	((b-a)/c)
Police and Fire Retirem	ent Sy	stem .							
December 31, 2007	\$	365,116,538	\$ 300,989,725	\$	(64,126,813)	121%	\$	32,857,305	0%
General Retirement Sys	stem								
June 30, 2007	\$	391,693,895	\$ 368,873,096	\$	(22,820,799)	106%	\$	52,426,527	0%

8. Postemployment Benefits Other Than Pensions

The City provides other postemployment benefits (OPEB) consisting of health care benefits for eligible retirees and their eligible dependents until the retiree is age 65. At June 30, 2008 the number of retirees receiving benefits was 464. Benefits are established through negotiation with employee unions and are similar for all retirees. Different employee bargaining units have different eligibility standards to qualify for the benefits, which led to the creation of three separate plans; the General Retiree Health Care Plan, the Police Retiree Health Care Plan, and the Fire Retiree Health Care Plan. The plans do not issue separate publicly available financial reports. The City implemented GASB 45 this fiscal year.

Contribution levels are determined annually by the City Commission during the annual budget process after considering the expected pay-as-you-go cash outlay from each plan for the benefit, the annual required contribution of the employer (ARC), and available resources. No contributions are required from either current employees or retirees. For fiscal year 2008 the City contributed \$9,519,154 to the three plans of which \$9,519,154 was used to pay current benefits. Contributions rates are charged to individual funds at the percentage of payroll rates shown below. All contributions are retained by the Insurance Fund until paid out as a benefit. Transfers to the Insurance Fund of \$5.99 million in excess of the actual pay-as-you-go costs are not held in trust, so they do not reduce the City's net-OPEB obligation. Detail for each separate plan can be found below.

8. Postemployment Benefits Other Than Pensions, continued

		eral Retiree Ith Care Plan		lice Retiree h Care Plan	Fire Retiree Health Care Plan		
Contribution rates: City Plan members	Legislative 12.79 n/a	ly determined 9%	•	ely determined 37%	Legislative 19.8 n/a	ely determined 37%	
Annual required contribution (ARC) Interest on net OPEB obligation Adjustment to ARC	\$	9,106,221 - -	\$	7,352,863 - -	\$	3,717,995 - -	
Annual OPEB cost Contributions made		9,106,221 4,308,827		7,352,863 3,126,780		3,717,995 2,083,547	
Increase in net OPEB obligation Net OPEB obligation - beginning of year		4,797,394		4,226,083		1,634,448 <u>-</u>	
Net OPEB obligation - end of year	\$	4,797,394	\$	4,226,083	\$	1,634,448	

The City's annual OPEB cost for each plan is calculated based on the plan's ARC, actuarially determined in accordance with the parameters of Statement No. 45 of the Governmental Accounting Standards Board (GASB). The ARC represents a level of funding as a level percentage of payroll, that if paid on an ongoing basis would cover the value of benefits earned during the year by participants, referred to as the normal cost, and amortize the unfunded actuarial liability over a period of thirty years. The current fiscal year is the transition year for the implementation of GASB Statement 45. The net OPEB obligation was set at zero as of July 1, 2007 and will change only to the extent that actual annual contributions are more or less than the ARC plus interest on the net OPEB obligation. The net-OPEB obligation will grow until a trust is established to hold the accumulated assets currently retained by the Insurance Fund.

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	 Net OPEB Obligation
General Retiree Health Care Plan	June 30, 2008	\$ 9,106,221	47%	\$ 4,797,394
Police Retiree Health Care Plan	June 30, 2008	7,352,863	43	\$ 4,226,083
Fire Retiree Health Care Plan	June 30, 2008	3,717,995	56	\$ 1,634,448

8. Postemployment Benefits Other Than Pensions, continued

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the actuarial valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short –term volatility in the value of actuarial assets and liabilities. Significant methods and assumptions are as follows:

	General Retiree Health Care Plan	Police Retiree Health Care Plan	Fire Retiree Health Care Plan
Actuarial valuation date	July 1, 2007	July 1, 2007	July 1, 2007
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age
Amortization method	Level percent, closed	Level percent, closed	Level percent, closed
Remaining amortization period	30 years for unfunded actuarial liabilities	30 years for unfunded actuarial liabilities	30 years for unfunded actuarial liabilities
Asset valuation method			
Current	n/a		
After a trust is established	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:			
Investment rate of return	3.0%	3.0%	3.0%
Projected salary increases	3.5 - 7.5%	3.5 - 7.5%	3.5 - 7.5%
including wage inflation at	3.5%	3.5%	3.5%
Healthcare inflation rate	15% falling to 4% over nine years	15% falling to 4% over nine years	15% falling to 4% over nine years

Below is funded status information for each plan as of its most recent actuarial valuation dates. The Schedule of Funding Progress in the Required Supplemental Information immediately following the Notes repeats this information but in future years will present multiyear trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL of benefits.

Actuarial Valuation Date		tuarial Value Plan Assets	 uarial Accrued iability (AAL)	U	nfunded AAL (UAAL)	Funded Ratio	Covered Payroll		UAAL as a Percentage of Covered Payroll
		(a)	(b)		(b-a)	(a/b)		(c)	((b-a)/c)
General Retiree Pla	n								
June 30, 2007	\$	-	\$ 94,641,249	\$	94,641,249	0%	\$	53,191,642	178%
Police Retiree Plan									
June 30, 2007	\$	-	\$ 69,425,881	\$	69,425,881	0%	\$	21,754,032	319%
Fire Retiree Plan									
June 30, 2007	\$	-	\$ 36,963,257	\$	36,963,257	0%	\$	14,637,776	253%

9. Inter-fund Receivables, Payables and Transfers

Inter-fund receivables and payables at June 30, 2008 represent temporary cash flow assistance from the General Fund and are as follows:

Fund	Inte	rfund Receivables	Interfund Payables		
General Fund	Temporary cash flow assistance	\$	88,420	\$	-
Streets Capital	Unreimbursed charges		-		31,134
Sewage Disposal	п		-		41,838
Fiduciary	Accrued payroll		-		16,773
Fiduciary	Timing difference due to different year end		-		(1,325)
Cemetery	OPEB payment accumulation in Insurance fund		23,441		-
Auto Parking	II .		65,852		-
Sewage Disposal	II .		270,620		-
Water Supply	II .		452,348		-
IT	II .		14,194		-
Motor Equipment	II .		74,119		-
Facilities Management	II .		33,843		-
Engineering	II .		111,866		-
Insurance	OPEB pre-payments held in the Insurance fund				1,046,283
		\$	1,134,703	\$	1,134,703

The City has developed a central service cost allocation plan using the guidance in federal circular A-87, to charge benefited funds a portion of the cost of providing services that benefit several funds. Services that are not billed on a per unit basis are funded by inter-fund transfers. Inter-fund transfers for the year ended June 30, 2008 were as follows:

9. Inter-fund Receivables, Payables and Transfers, continued

Fund Type	Fund	Primary Reason for the Transfers	Transfers In	Transfers Out
Governmental Funds:	General	Internal cost allocation for services provided to other funds Debt service, and support of Street Funds & other funds	\$ 5,313,177 -	\$ - 8,549,288
	Library	Debt service	-	1,858,818
	Refuse	Internal cost allocation program	-	250,877
	Major Streets	Transfer from Street Capital and General Fund Support of Street Capital and Local St. operations	490,099	- 4,752,316
	Local Streets	Support from Major Streets Fund & General Fund	3,953,333	137,231
	Streets Capital	Support from General Fund	2,750,000	-
		Debt service	-	426,549
	General Capital	Project support from General Fund	679,561	-
		Debt service	-	3,033,030
	Non-major Governmental	Transfers to pay debt service by various funds Support from General Fund / internal cost allocation	8,872,704 295,991	- 547,480
Enterprise Funds:	Water Supply System	From Sewage Disposal Fund for customer service Internal cost allocation program	2,272,606	- 1,145,768
	Sewage Disposal System Auto Parking System	Allocated cost of customer service and internal costs Internal cost allocation program	- - - 972 245	3,217,484 324,234
	Non-Major Proprietary	General Fund support of cemetery operations	872,245	304,186
Internal Service Funds:	Information Technology	Support from General Fund	47,454	-
	Motor Equipment	Internal cost allocation program	-	137,058
	Motor Equipment Facilities Management	Internal cost allocation program Support from General Fund	380,069	451,038
	raciilles Management	Internal cost allocation program	380,009	171,867
	Engineering	Internal cost allocation program	_	444,358
	Insurance Payment	Internal cost allocation program		175,657
	-	· ·	\$ 25,927,239	\$ 25,927,239

10. Commitments, Contingencies, Related Party Transactions and Subsequent Events

- 1. Federal and State Grants—The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although no amounts have been claimed, such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowance, if any, will be immaterial.
- 2. Remediation Sites—In addition to sites for which the City reached remediation agreements with the appropriate regulatory bodies, the City has received notice that ground contamination has been discovered on certain properties, either currently owned or previously utilized by the City. The ultimate remediation methods and liability, if any, are presently impossible to estimate. The City is currently analyzing the site in an effort to understand its potential liability, the extent of the contamination and appropriate remediation methods.
- 3. Litigation—In the normal course of its activities, the City becomes a party in various legal actions. In the opinion of the City attorney, adequate reserves have been established for the potential liability for all claims.

10. Commitments, Contingencies, Related Party Transactions and Subsequent Events, continued

4. Operating Leases—The City entered into a lease agreement with Kent County in October 1998, whereby the City leases part of the new courthouse facility from the County. The lease is scheduled to expire in fiscal year 2026, and includes operation and maintenance fees. Lease payments to the County for fiscal year 2008 were \$2,813,970. Total future lease payments are as follows:

Year ending June 30,	Outstanding Lease Due
2009	\$ 2,788,959
2010	2,803,102
2011	2,802,120
2012	2,805,011
2013	2,809,207
2014-2018	14,060,189
2019-2023	14,057,902
2024-2026	8,291,917

During fiscal year 2008, the City leased operating facilities at 1120 Monroe Avenue from the 1120 Monroe Associates Limited Partnership under a March 1998 lease agreement extended to expire in July 2010. The rent is adjusted annually based on the CPI, total future lease payments are calculated using the maximum 3% increase allowed by the lease agreement, and are as follows:

Year ending June 30,	Outs	standing Lease Due
2009	\$	390,919
2010	\$	407,344

- 5. Lease Receivable The City entered into a lease agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The Museum leases the Museum building from the City for \$1 per year for a period of 99 years, with an option to renew for an additional 50 year term to be exercised by the mutual consent of the City and the Public Museum of Grand Rapids Friends Foundation. The City retains title to the buildings and all improvements, fixtures or other types of fixed property appurtenant to the buildings and property located thereon, as well as the collection on display at the Public Museum. In accordance with the lease agreement, the City also retains a reversionary interest in the Museum's inventory and petty cash, valued at \$76,838 and \$14,900, respectively, at June 30, 2008. In the event that Museum operations should ever revert to the City, these items would be returned to the City at their value on the day of reversion.
- 6. Commitments -- On Aug 14, 2007, the Cities of Grand Rapids and Wyoming received funding commitments from the State of Michigan Water Pollution Control Revolving Fund for financing of the Grand Valley Regional Biosolids Authority's facility at an interest rate of 1.625%. The entire approved financing is \$16,430,000. In March of 2008, the Grand Valley Regional Biosolids Authority also received another Revolving fund commitment at an interest rate of 2.5% for \$17,675,000. Draws against the approved amounts are allowed only for construction expenditures. As of June 30, 2008 draws totaled \$7,418,999. It is anticipated that construction will be complete in 2009. Grand Rapid's portion of the liability will be determined after operations commence.

10. Commitments, Contingencies, Related Party Transactions and Subsequent Events, continued:

- 7. Subsequent Events On September 30, 2008 ---- the Count of Kent refunded Drain Commission Bonds for the 1997 and 2000 Floodwall projects where the City and its component units are obligated to fund the debt service. The final savings is 3.34%.
- 8. Subsequent Events -- The City of Grand Rapids purchased three fire pumpers, with the intent to reimburse itself for two of them sometime after June 30, 2008. Installment Purchase Agreement occurred November 13, 2008 to accomplish this reimbursement. The third reimbursement was made by a debt swap with the outstanding principal of \$427,560 owed by Belknap on the 2004 Municipal Purchase Notes. After the completion of this swap Belknap's portion of the 2004 MPN's are paid in full.
- 9. Subsequent Events On August 6, 2008 the City of Grand Rapids issued \$67,260,000 of Series 2008 Sanitary Sewer System Revenue Bonds. These are self-liquidating and the principal and interest payable on the bonds will be solely derived from the operations of the Sanitary Sewer System.
- 10. Subsequent Events -- Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system triggered significant events and substantial volatility in world financial markets and the banking system that have had a significant negative impact on foreign and domestic financial markets. As a result, the two Retirement System's investment portfolios have incurred a significant decline in fair value since the reporting dates of December 31, 2007 and June 30, 2008. However, because the values of the Plan's individual investments have and will fluctuate in response to changing market conditions, the effects of which are smoothed over multiple years, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The value of each Plan's investments has a direct impact on its funded status. The actual impact, if any, and future required contributions cannot be determined at this time.

11. Deferred Compensation Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan, available to all City employees, permits deferral of a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or listed emergency. All amounts of compensation deferred under the plan, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights are solely the property and rights of the Participants. At June 30, 2008, the total market value of plan assets was approximately \$65,217,000. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets decreased \$5,365,000 for the year ended June 30, 2008. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent administrator.

The City also offers to executive and appointed employees a defined contribution contributory savings plan created in accordance with IRC Section 401(a). Participants with the 401(a) plan may also participate in the 457 plan to specified limits; however, they may not participate in the City's defined benefit pension plans. Participants are immediately vested in required employee contributions at 6% and employer contributions at specified percentages (determined by City Ordinance) of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. The financial information is prepared using the modified accrual basis of accounting. At June 30, 2008, there were 16 active and 18 terminated plan participants. The total fair market value of plan assets for both groups of participants was approximately \$7,727,000. Contributions made by employees and the City totaled \$99,000 and \$375,000 respectively, for the fiscal year ended June 30, 2008.

City of Grand Rapids, Michigan Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual General Fund

for the year ended June 30, 2008

	Budgeted			ounts		Actual		Variance with
		Original		Final		Amounts		Final Budget
Revenues:								
Property taxes	\$	14,235,115	\$	14,235,115	\$	14,150,385	\$	(84,730)
City income taxes		57,801,530		57,801,530		57,116,488		(685,042)
State shared taxes		21,588,640		21,588,640		22,780,195		1,191,555
Licenses and permits		270,880		270,880		293,500		22,620
Fines and forfeitures		348,000		1,628,171		1,729,166		100,995
Federal grants		567,260		1,192,129		659,639		(532,490)
State grants		443,936		443,936		394,133		(49,803)
Other inter-governmental		189,630		189,630		284,487		94,857
Charges for services		13,773,518		14,317,694		14,104,807		(212,887)
Investment earnings		1,437,935		1,437,935		1,690,483		252,548
Miscellaneous		980,038		1,325,280		1,583,185		257,905
Total revenues		111,636,482		114,430,940		114,786,468		355,528
Expenditures:								
Current:								
General government		27,969,407		30,720,298		28,125,172		2,595,126
Public safety		71,738,960		71,365,264		70,222,608		1,142,656
Public works		5,635,117		5,531,515		5,413,118		118,397
Culture and recreation		6,905,131		7,146,225		6,707,579		438,646
Urban and community development		4,374,742		4,755,038		4,257,347		497,691
Debt service:								
Principal		806,690		806,690		806,690		-
Interest and paying agent fees		105,065		105,065	-	66,529		38,536
Total expenditures		117,535,112		120,430,095		115,599,043		4,831,052
Excess (deficit) of revenues over expenditures		(5,898,630)		(5,999,155)		(812,575)	_	5,186,580
Other financing sources (uses):								
Budgeted appropriation lapse for the fund		3,865,903		2,698,918		-		(2,698,918)
Transfers in		5,749,546		5,789,956		5,313,177		(476,779)
Transfers out		(9,554,521)		(8,806,274)		(8,549,288)		256,986
Total other financing sources (uses)		60,928		(317,400)		(3,236,111)		(2,918,711)
Net change in fund balances		(5,837,702)		(6,316,555)		(4,048,686)		2,267,869
Fund balances - beginning		23,251,866		23,251,866		23,251,866		-
Current year change in inventory levels						(30,004)		
Fund balances - ending	\$	17,414,164	\$	16,935,311	\$	19,173,176	\$	2,267,869

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual Public Library for the year ended June 30, 2008

	Budge	eted A	mounts	Actual	Variance with		
	Original		Final	Amounts	Final Budget		
Revenues:							
Property taxes	\$ 11,190,1	109 \$	11,190,109	\$ 11,078,990	\$ (111,119)		
Intergovernmental	71,5	500	411,500	526,875	115,375		
Fines and forfeitures	225,0	000	225,000	244,571	19,571		
State grants	340,0	000	-	-	-		
Charges for services	153,0	000	153,000	198,218	45,218		
Investment earnings	309,0		309,000	382,409	73,409		
Miscellaneous	(80,0	000)	(80,000)	1,700	81,700		
Total revenues	12,208,6	609	12,208,609	12,432,763	224,154		
Expenditures:							
Current:							
Culture and recreation	11,609,6	630	9,750,812	9,170,416	580,396		
Debt service:							
Interest and paying agent fees	-	-	-	300	(300)		
Capital outlay	547,9	901	547,901	315,373	232,528		
Total expenditures	12,157,5	531	10,298,713	9,486,089	812,624		
Excess of revenues over expenditures	51,0	078	1,909,896	2,946,674	1,036,778		
Other financing sources (uses):							
Transfers out	(1,922,8	<u> </u>	(1,858,818)	(1,858,818)			
Total other financing sources (uses)	(1,922,8	386)	(1,858,818)	(1,858,818)			
Net change in fund balances	(1,871,8	308)	51,078	1,087,856	1,036,778		
Fund balances - beginning	2,931,2	202	2,931,202	2,931,202			
Fund balances - ending	\$ 1,059,3	394 \$	2,982,280	\$ 4,019,058	\$ 1,036,778		

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual Refuse

for the year ended June 30, 2008

		Budgeted	l Amo	ounts	Actual	Variance with Final Budget		
		Original		Final	Amounts			
Revenues:								
Property taxes	\$	7,301,699	\$	7,301,699	\$ 7,200,486	\$	(101,213)	
Charges for services		6,034,500		6,034,500	5,246,233		(788,267)	
Investment earnings		220,000		220,000	 276,273		56,273	
Total revenues		13,556,199		13,556,199	 12,722,992		(833,207)	
Expenditures:								
Current:								
Public works		12,687,868		12,901,428	11,881,554		1,019,874	
Capital outlay	-	45,000		90,000	-		90,000	
Total expenditures		12,732,868		12,991,428	 11,881,554		1,109,874	
Excess (deficit) of revenues over expenditures		823,331		564,771	 841,438	_	276,667	
Other financing sources (uses):								
Transfers out		(326,513)		(250,877)	(250,877)			
Total other financing sources (uses)		(326,513)		(250,877)	 (250,877)			
Net change in fund balances		496,818		313,894	590,561		276,667	
Fund balances - beginning		2,767,158		2,767,158	2,767,158			
Fund balances - ending	\$	3,263,976	\$	3,081,052	\$ 3,357,719	\$	276,667	

Note: Both budgeted and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual Streets

for the year ended June 30, 2008

for the year ended June 30, 2006		Major	Streets		Local Streets							
-	Budgeted	Amounts	Actual	Variance with	Budget	ed Amounts	Actual	Variance with				
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget				
Revenues:												
State shared taxes	\$ 10,873,428	\$ 10,873,428	\$ 10,497,393	\$ (376,035)	\$ 2,909,31	0 \$ 2,909,310	\$ 2,809,016	\$ (100,294)				
Federal grants	-	-	208,990	208,990	-	-	-	-				
State grants	-	105,732	37,506	(68,226)	-	-	-	-				
Charges for services	2,101,000	2,101,000	2,830,861	729,861	15,00	,	2,775	(12,225)				
Investment earnings	390,000	390,000	407,932	17,932	8,00	0 8,000	143,515	135,515				
Miscellaneous	30,000	30,000	26,182	(3,818)		<u> </u>	1,179	1,179				
Total revenues	13,394,428	13,500,160	14,008,864	508,704	2,932,31	0 2,932,310	2,956,485	24,175				
Expenditures:												
Current:												
Public works	7,425,305	7,881,461	7,733,028	148,433	8,159,82	4 8,313,034	5,315,090	2,997,944				
Debt service:												
Principal	191,505	191,505	191,505	-	-	-	-	-				
Interest and paying agent fees	40,910	427,932	451,073	(23,141)								
Total expenditures	7,657,720	8,500,898	8,375,606	125,292	8,159,82	4 8,313,034	5,315,090	2,997,944				
Excess (deficit) of revenues over expenditur	5,736,708	4,999,262	5,633,258	633,996	(5,227,51	4) (5,380,724)	(2,358,605)	3,022,119				
Other financing sources (uses):												
Transfers in	-	516,164	490,099	(26,065)	5,400,00	5,420,000	3,953,333	(1,466,667)				
Transfers out	(6,428,128)	(6,289,036)	(4,752,316)	1,536,720	(248,91	5) (137,231)	(137,231)	-				
Sale of capital assets	-	-	945,075	(945,075)	-	-	-	-				
Payment to refunded bond escrow agent			(945,075)	945,075								
Total other financing sources (uses)	(6,428,128)	(5,772,872)	(4,262,217)	1,510,655	5,151,08	5,282,769	3,816,102	(1,466,667)				
Net change in fund balances	(691,420)	(773,610)	1,371,041	2,144,651	(76,42	9) (97,955)	1,457,497	1,555,452				
Fund balances - beginning	3,509,596	3,509,596	3,509,596	-	1,562,66	2 1,562,662	1,562,662	-				
Current year change in inventory levels			198,614	198,614								
Fund balances - ending	\$ 2,818,176	\$ 2,735,986	\$ 5,079,251	\$ 2,343,265	\$ 1,486,23	3 \$ 1,464,707	\$ 3,020,159	\$ 1,555,452				

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan Schedules of Funding Progress

Police and Fire Retirement Plan

Actuarial Valuation Date	 tuarial Value FPlan Assets	 tuarial Accrued Liability (AAL)	U	nfunded AAL (UAAL)	Funded Ratio	С	overed Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)		(b-a)	(a/b)		(c)	((b-a)/c)
December 31, 2005	\$ 325,044,112	\$ 284,262,073	\$	(40,782,039)	114%	\$	33,407,682	0%
December 31, 2006	350,154,501	292,906,422		(57,248,079)	120%		33,887,922	0%
December 31, 2007	365,116,538	300,989,725		(64,126,813)	121%		32,857,305	0%

General Retirement Plan

Actuarial Valuation Date	 tuarial Value Plan Assets	 tuarial Accrued _iability (AAL)	U	nfunded AAL (UAAL)	Funded Ratio	Co	overed Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)		(b-a)	(a/b)		(c)	((b-a)/c)
June 30, 2005	\$ 305,533,088	\$ 334,554,231	\$	29,021,143	91%	\$	52,838,163	55%
June 30, 2006	352,522,401	352,860,547		338,146	100%	\$	52,838,163	0%
June 30, 2007	391,693,895	368,873,096		(22,820,799)	106%		52,426,527	0%

These funding schedules are copied from the actuarial studies which are prepared using the individual entry-age cost method.

City of Grand Rapids, Michigan Schedules of Funding Progress Defined Benefit Retiree Health Care Plans

Actuarial Valuation Date		tuarial Value Plan Assets	 ctuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)		Funded Ratio	Co	overed Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b)		(b-a)	(a/b)		(c)	((b-a)/c)
General Retiree Plan	า								
June 30, 2007	\$	-	\$ 94,641,249	\$	94,641,249	0%	\$	53,191,642	178%
Police Retiree Plan									
June 30, 2007	\$	-	\$ 69,425,881	\$	69,425,881	0%	\$	21,754,032	319%
Fire Retiree Plan									
June 30, 2007	\$	-	\$ 36,963,257	\$	36,963,257	0%	\$	14,637,776	253%

These funding schedules are copied from the actuarial studies which are prepared using the individual entry-age cost method.

City of Grand Rapids, Michigan Budgetary Comparison Schedule Expenditures General Operating Fund for the year ended June 30, 2008

		l Amou	nts	Actual	Final Budget		
		Original		Final	 Amounts	Positive (Negative)	
General Government - Fiscal and Administrative:							
Executive Offices:							
Personal services	\$	972,032	\$	972,032	\$ 956,641	\$ 15,391	
Supplies		7,000		7,000	9,579	(2,579)	
Services and charges		425,629		556,229	 460,229	96,000	
		1,404,661		1,535,261	 1,426,449	108,812	
Human Resources:							
Personal services		1,129,892		1,130,816	1,134,333	(3,517)	
Supplies		45,000		45,000	22,304	22,696	
Services and charges		780,820		785,402	 589,789	195,613	
		1,955,712		1,961,218	 1,746,426	214,792	
Comptroller:							
Personal services		1,560,238		1,559,124	1,531,790	27,334	
Supplies		43,793		43,793	35,360	8,433	
Services and charges		751,133		1,010,715	 1,002,877	7,838	
		2,355,164		2,613,632	 2,570,027	43,605	
Treasurer:							
Personal services		1,071,727		1,866,145	1,295,941	570,204	
Supplies		87,950		118,950	101,306	17,644	
Services and charges		346,736		408,814	363,761	45,053	
Capital Outlay		4,011		5,483	4,195	1,288	
		1,510,424		2,399,392	1,765,203	634,189	
Assessor:							
Personal services		1,638,921		1,606,675	1,452,593	154,082	
Supplies		49,000		49,000	44,772	4,228	
Services and charges		396,436		402,588	 311,306	91,282	
	\$	2,084,357	\$	2,058,263	\$ 1,808,671	\$ 249,592	continued

Variance with

City of Grand Rapids, Michigan Budgetary Comparison Schedule Expenditures General Operating Fund for the year ended June 30, 2008

	Budget	ed Amounts	Actual	Final Budget
	Original	Final	Amounts	Positive (Negative)
Fiscal services:				
Personal services	\$ 1,167,30	5 \$ 1,138,25	9 \$ 1,113,730	\$ 24,529
Supplies	24,66	55 24,66	5 13,352	11,313
Services and charges	452,52	20 817,55	4 828,144	(10,590)
Capital Outlay	2,40	2,40	0	2,400
	1,646,89	1,982,87	1,955,226	27,652
Income tax:	·			
Personal services	1,519,62	1,519,62	4 1,417,481	102,143
Supplies	156,93	156,93	5 134,653	22,282
Services and charges	459,28	2 465,25	9 368,061	97,198
Capital Outlay	2,50	2,50	0 -	2,500
	2,138,34	2,144,31	1,920,195	224,123
Attorney:				
Personal services	2,105,19	2,095,05	4 2,135,198	(40,144)
Supplies	54,40	54,40	0 48,160	6,240
Services and charges	358,42			54,404
Capital Outlay	8,00	-		(22)
	2,526,01	9 2,521,37	2,500,894	20,478
Clerk:				
Personal services	1,185,97	74 1,171,81	4 1,149,270	22,544
Supplies	126,00	00 126,00	96,180	29,820
Services and charges	365,27	0 369,66		25,955
Capital Outlay	4,00	4,00	1,926	2,074
	1,681,24	1,671,48	2 1,591,089	80,393
Management Services:				
Personal services	436,20	6 391,81	6 377,056	14,760
Supplies	9,74			546
Services and charges	180,12	-		25,586
	\$ 626,07	<u>0</u> \$ 580,93	4 \$ 540,042	\$ 40,892 contin

Variance with

City of Grand Rapids, Michigan Budgetary Comparison Schedule Expenditures General Operating Fund for the year ended June 30, 2008

for the year ended June 30, 2008	Budgeted	l Amou	nts	Actual			ariance with	
	Original		Final		Amounts	Pos	itive (Negative)	
Equal Opportunity	 _		_		_			
Personal services	\$ 761,405	\$	761,405	\$	733,556	\$	27,849	
Supplies	7,400		7,400		5,651		1,749	
Services and charges	 143,540		156,931		179,571		(22,640)	
	 912,345		925,736		918,778		6,958	
Total general government - fiscal and administrative	\$ 18,841,227	\$	20,394,486	\$	18,743,000	\$	1,651,486	
General purpose:								
General administration:								
Personal services	\$ 18,250	\$	18,250	\$	21,718	\$	(3,468)	
Supplies	10,597		10,597		10,282		315	
Services and charges	9,099,333		10,296,965		9,349,497		947,468	
Capital Outlay	 <u> </u>		<u> </u>		675		(675)	
Total general purpose	\$ 9,128,180	\$	10,325,812	\$	9,382,172	\$	943,640	
Total General Government	\$ 27,969,407	\$	30,720,298	\$	28,125,172	\$	2,595,126	
Public safety:								
Police:								
Personal services	\$ 39,241,403	\$	38,976,496	\$	38,436,158	\$	540,338	
Supplies	633,030		753,259		680,311		72,948	
Services and charges	7,341,811		7,363,561		7,328,312		35,249	
Capital Outlay	 95,055		141,796		132,127		9,669	
	 47,311,299		47,235,112		46,576,908		658,204	
Fire:								
Personal services	22,166,665		21,880,136		21,630,801		249,335	
Supplies	245,200		245,200		227,606		17,594	
Services and charges	1,729,584		1,750,876		1,667,768		83,108	
Capital Outlay	 286,212		253,940		119,525		134,415	
	 24,427,661		24,130,152		23,645,700		484,452	
Total public safety	\$ 71,738,960	\$	71,365,264	\$	70,222,608	\$	1,142,656	continued

City of Grand Rapids, Michigan Budgetary Comparison Schedule Expenditures General Operating Fund for the year ended June 30, 2008

	 Budgeted	l Amo	unts	Actual			Final Budget			
	Original		Final		Amounts	P	ositive (Negative)			
Public works:										
Traffic Safety:										
Personal services	\$ 1,264,309	\$	1,166,794	\$	1,192,639	\$	(25,845)			
Supplies	410,100		410,100		409,240		860			
Services and charges	2,188,510		2,205,790		1,919,145		286,645			
Capital Outlay	 40,500		40,500		11,192		29,308			
	 3,903,419		3,823,184		3,532,216		290,968			
Air pollution/stormwater management:										
Personal services	558,166		534,799		509,040		25,759			
Supplies	5,250		5,250		522		4,728			
Services and charges	125,136		125,136		106,602		18,534			
Capital Outlay	 15,000		15,000				15,000			
	 703,552		680,185		616,164		64,021			
Parking/government center ramp:										
Personal services	-		-		364,829		(364,829)			
Supplies	-		-		5,571		(5,571)			
Services and charges	 1,028,146		1,028,146		894,338		133,808			
	 1,028,146		1,028,146		1,264,738		(236,592) *			
Total public works	\$ 5,635,117	\$	5,531,515	\$	5,413,118	\$	118,397			
Recreation and culture:										
Parks and recreation:										
Personal services	\$ 4,623,506	\$	4,743,171	\$	4,663,857	\$	79,314			
Supplies	641,302		664,863		729,893		(65,030)			
Services and charges	1,578,823		1,676,691		1,286,011		390,680			
Capital Outlay	 61,500		61,500		27,818		33,682			
Total recreation and culture	\$ 6,905,131	\$	7,146,225	\$	6,707,579	\$	438,646	continued		

Variance with

City of Grand Rapids, Michigan Budgetary Comparison Schedule Expenditures General Operating Fund for the year ended June 30, 2008

	 Budgeted	Amo	unts	Actual	Final Budget		
	 Original		Final	Amounts	Pos	sitive (Negative)	
Urban development: Planning:							
Personal services Supplies Services and charges	\$ 1,141,865 42,000 339,245	\$	1,108,094 42,000 429,245	\$ 1,033,824 36,730 289,027	\$	74,270 5,270 140,218	
Economic Development:	 1,523,110		1,579,339	 1,359,581		219,758	
Personal services Supplies Services and charges	 185,688 1,600 65,902 253,190		185,688 1,600 77,585 264,873	 203,727 1,313 76,757 281,797		(18,039) 287 828 (16,924)	
Neighborhood Improvement: Personal services Supplies Services and charges	 1,912,759 43,500 455,117		1,912,361 43,500 496,093	1,807,300 47,588 476,177		105,061 (4,088) 19,916	
Community Davidonment	 2,411,376		2,451,954	 2,331,065		120,889	
Community Development: Personal services Supplies	27,322 -		26,268	195,353 6,791		(169,085) (6,791)	
Services and charges	 159,744 187,066		432,604 458,872	 82,760 284,904		349,844 173,968	
Total urban development	\$ 4,374,742	\$	4,755,038	\$ 4,257,347	\$	497,691	
Debt Service							
Principal Interest	\$ 806,690 105,065	\$	806,690 105,065	\$ 806,690 66,529	\$	- 38,536	
Total debt service	\$ 911,755	\$	911,755	\$ 873,219	\$	38,536	
Budgeted Appropriation Lapse within Fund	 (3,865,903)		(2,698,918)	 -		(2,698,918)	
Total expenditures	\$ 113,669,209	\$	117,731,177	\$ 115,599,043	\$	2,132,134	

^{*} The legal level of budgetary control is the department level. These departments had expenditures in excess of appropriations.

Variance with

City of Grand Rapids, Michigan Budgetary Comparison Schedule Expenditures Street Fund

for the vear ended June 30. 2008

			Major 9	Stree	ets			Local Streets								
•	Budgeted	d Amo	ounts		Actual	٧	/ariance with		Budgeted	l Amo	unts		Actual	V	ariance with	
	Original		Final		Amounts		Final Budget		Original		Final		Amounts	F	inal Budget	
Traffic Safety:																
Personal services	\$ 2,104,354	\$	2,090,933	\$	1,869,386	\$	221,547	\$	138,288	\$	138,288	\$	197,402	\$	(59,114)	
Supplies	617,110		617,110		883,329		(266,219)		43,000		43,000		3,594		39,406	
Services and charges	1,017,834		1,151,067		1,016,518		134,549		59,328		59,328		10,145		49,183	
Capital Outlay	 24,487		24,487		27,255		(2,768)		-		-		-			
	 3,763,785		3,883,597		3,796,488		87,109		240,616		240,616		211,141		29,475	
Streets & Sanitation:																
Personal services	1,066,766		1,045,689		1,357,005		(311,316)		2,770,911		2,717,437		1,812,420		905,017	
Supplies	570,300		690,300		666,284		24,016		1,636,100		1,731,100		1,195,534		535,566	
Services and charges	1,731,631		1,969,052		1,652,000		317,052		2,968,534		3,080,218		1,731,076		1,349,142	
Capital Outlay	 35,000		35,000		18		34,982		3,000		3,000		-		3,000	
	 3,403,697		3,740,041		3,675,307		64,734		7,378,545		7,531,755		4,739,030		2,792,725	
Environmental Protection:																
Personal services	144,966		144,966		159,623		(14,657)		269,223		269,223		191,093		78,130	
Supplies	17,763		17,763		14,396		3,367		32,988		32,988		17,124		15,864	
Services and charges	 95,094		95,094		87,214		7,880		238,452		238,452		156,702		81,750	
	 257,823		257,823		261,233		(3,410)		540,663		540,663		364,919		175,744	
Total fund	\$ 7,425,305	\$	7,881,461	\$	7,733,028	\$	148,433	\$	8,159,824	\$	8,313,034	\$	5,315,090	\$	2,997,944	
Debt Service																
Principal	\$ 191,505	\$	191,505	\$	191,505	\$	-	\$	-	\$	-	\$	-	\$	-	
Interest	40,910		427,932		451,073		(23,141)		-		-		-		-	
Total debt service	\$ 232,415	\$	619,437	\$	642,578	\$	(23,141)		-		-		-		-	
Budgeted Appropriation Lapse	(691,420)		(773,610)		-		(773,610)		(76,430)		(97,956)		-		(97,956)	
Total expenditures	\$ 6,966,300	\$	7,727,288	\$	8,375,606	\$	(648,318)	\$	8,083,394	\$	8,215,078	\$	5,315,090	\$	2,899,988	

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

						Special Rev	enu	ie Funds						
-					Г									
	Mi	ichigan Justice	Ve	ehicle Storage		Business		Building						Budget
Grants		Training		Facility		Improvement		Inspections		DNR Properties	s	idewalk Repair	St	abilization
		_				_			- "-	_				_
\$ 779,324	\$	133,461	\$	396,598	\$	860,969	\$	3,218,698	\$	250,703	\$	519,592	\$	2,288,369
		1,076 -		3,162 -		1,479 -		19,535 -		4,846 -		140,139 -		-
583,397								-						
\$ 1,362,721	\$	134,537	\$	399,760	\$	862,448	\$	3,238,233	\$	255,549	\$	659,731	\$	2,288,369
\$ 705,958	\$	-	\$	29,335	\$	9,602	\$	9,647	\$	20,085	\$	215,652	\$	-
1,858				150	_			19,452			_			
707,816				29,485	_	9,602		29,099		20,085	_	215,652		
-		-		-		-		-		-		-		-
-		-		-		-		-		-		-		-
-		-		-		-		-		-		-		-
632,093		380		-		-		34		-		829		-
-		-		-		-		-		-		-		-
-		-		-		119,353		270,961		97,730		159,637		1,788,369
22,812		-		13,923				148,397		935		36,563		-
		134,157		356,352	_	732,558	_	2,789,742	_	136,799	_	247,050		500,000
654,905		134,537		370,275		852,846		3,209,134	_	235,464	_	444,079		2,288,369
\$ 1,362,721	\$	134,537	\$	399,760	\$	862,448	\$	3,238,233	\$	255,549	\$	659,731	\$	2,288,369
	\$ 779,324 	\$ 779,324 \$	Grants Training \$ 779,324 \$ 133,461 - 1,076 - - 583,397 - \$ 1,362,721 \$ 134,537 \$ 705,958 - 1,858 - 707,816 - -	Grants Training \$ 779,324 \$ 133,461 \$ 1,076 - - - - 583,397 - - \$ 134,537 \$ \$ 1,362,721 \$ 134,537 \$ \$ - \$ \$ \$ 705,958 \$ - \$ \$ - </td <td>Grants Training Facility \$ 779,324 \$ 133,461 \$ 396,598 - 1,076 3,162 - - - 583,397 - - \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 705,958 - \$ 29,335 1,858 - 150 707,816 - 29,485 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -</td> <td>Grants Michigan Justice Training Vehicle Storage Facility \$ 779,324 \$ 133,461 \$ 396,598 \$ 1,076 3,162 </td> <td>Grants Michigan Justice Training Vehicle Storage Facility Neignbornood Business Improvement \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 - 1,076 3,162 1,479 - - - - 583,397 - - - \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 862,448 \$ 705,958 - \$ 29,335 \$ 9,602 1,858 - 150 - 707,816 - 29,485 9,602 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -</td> <td>Grants Michigan Justice Training Vehicle Storage Facility Neighborhood Business Improvement \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 60,969</td> <td>Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 - 1,076 3,162 1,479 19,535 - - - - - 583,397 - - - - - \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 862,448 \$ 3,238,233 \$ 705,958 - \$ 29,335 \$ 9,602 \$ 9,647 1,858 - \$ 150 - 19,452 707,816 - 29,485 9,602 29,099 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <</td> <td>Grants Training Facility Neignbornood Business Improvement Building Inspections \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 60,969 \$ 3,218,698 \$ 3,162 \$ 1,479 \$ 19,535 \$ 19,535 \$ 19,535 \$ 19,535 \$ 19,535 \$ 19,535 \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 862,448 \$ 3,238,233 \$ 39,602 \$ 9,647 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,602 \$ 29,099 \$ 19,452 \$ 19,602 \$ 19,602 \$ 19,099 \$ 19,452 \$ 19,452 \$ 19,602 \$ 19,099 \$ 19,452 \$ 19,602 \$ 19,099 \$ 19,602 \$ 19,099 \$ 19,602 \$ 19,099 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 1</td> <td>Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections DNR Properties \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 - 1,076 3,162 1,479 19,535 4,846 - 583,397 </td> <td>Grants Michigan Justice Training Vehicle Storage Facility Neignbornood Business Improvement Building Inspections DNR Properties S \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 \$ 1,076 \$ 3,162 1,479 19,535 4,846 <td< td=""><td>Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections DNR Properties Sidewalk Repair \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 \$ 519,592 - 1,076 3,162 1,479 19,535 4,846 140,139 583,397 </td><td> Michigan Justice Vehicle Storage Facility Improvement Inspections Inspecti</td></td<></td>	Grants Training Facility \$ 779,324 \$ 133,461 \$ 396,598 - 1,076 3,162 - - - 583,397 - - \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 705,958 - \$ 29,335 1,858 - 150 707,816 - 29,485 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Grants Michigan Justice Training Vehicle Storage Facility \$ 779,324 \$ 133,461 \$ 396,598 \$ 1,076 3,162	Grants Michigan Justice Training Vehicle Storage Facility Neignbornood Business Improvement \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 - 1,076 3,162 1,479 - - - - 583,397 - - - \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 862,448 \$ 705,958 - \$ 29,335 \$ 9,602 1,858 - 150 - 707,816 - 29,485 9,602 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Grants Michigan Justice Training Vehicle Storage Facility Neighborhood Business Improvement \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 60,969	Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 - 1,076 3,162 1,479 19,535 - - - - - 583,397 - - - - - \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 862,448 \$ 3,238,233 \$ 705,958 - \$ 29,335 \$ 9,602 \$ 9,647 1,858 - \$ 150 - 19,452 707,816 - 29,485 9,602 29,099 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <	Grants Training Facility Neignbornood Business Improvement Building Inspections \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 60,969 \$ 3,218,698 \$ 3,162 \$ 1,479 \$ 19,535 \$ 19,535 \$ 19,535 \$ 19,535 \$ 19,535 \$ 19,535 \$ 1,362,721 \$ 134,537 \$ 399,760 \$ 862,448 \$ 3,238,233 \$ 39,602 \$ 9,647 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,452 \$ 19,602 \$ 29,099 \$ 19,452 \$ 19,602 \$ 19,602 \$ 19,099 \$ 19,452 \$ 19,452 \$ 19,602 \$ 19,099 \$ 19,452 \$ 19,602 \$ 19,099 \$ 19,602 \$ 19,099 \$ 19,602 \$ 19,099 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 19,009 \$ 1	Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections DNR Properties \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 - 1,076 3,162 1,479 19,535 4,846 - 583,397	Grants Michigan Justice Training Vehicle Storage Facility Neignbornood Business Improvement Building Inspections DNR Properties S \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 \$ 1,076 \$ 3,162 1,479 19,535 4,846 <td< td=""><td>Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections DNR Properties Sidewalk Repair \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 \$ 519,592 - 1,076 3,162 1,479 19,535 4,846 140,139 583,397 </td><td> Michigan Justice Vehicle Storage Facility Improvement Inspections Inspecti</td></td<>	Grants Michigan Justice Training Vehicle Storage Facility Business Improvement Building Inspections DNR Properties Sidewalk Repair \$ 779,324 \$ 133,461 \$ 396,598 \$ 860,969 \$ 3,218,698 \$ 250,703 \$ 519,592 - 1,076 3,162 1,479 19,535 4,846 140,139 583,397	Michigan Justice Vehicle Storage Facility Improvement Inspections Inspecti

City of Grand Rapids, Michigan Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

		Special Revenue Funds				De	ebt Service Funds	Per	manent Fund					
								Downtown					10	taı Nonmajor
		Drug Law	G	eneral Special		Economic	ı	mprovement		Grand Rapids	Ceme	teries Perpetual	Governmenta	
	Er	nforcement		Revenue	ı	Development		District	В	uilding Authority		Care		Funds
ASSETS														
Equity in pooled cash and investments	\$	1,483,568	\$	174,191	\$	685,847	\$	233,134	\$	1,115,085	\$	3,700,089	\$	15,839,628
Receivables, net Inventories		20,118		692		4,269		-		-		52,324 19,294		247,640 19,294
Due from other governmental units		_		_		_		-		_		-		583,397
Total assets	\$	1,503,686	\$	174,883	\$	690,116	\$	233,134	\$	1,115,085	\$	3,771,707	\$	16,689,959
Total assets	Ψ	1,000,000	Ψ	174,000	Ψ	030,110	Ψ	200,104	Ψ	1,110,000	Ψ	0,111,101	Ψ	10,000,000
LIABILITIES AND FUND BALANCES														
Liabilities Vouchers and accounts payable	\$	25,746	Ф		\$	861	\$	121,123	\$		¢		\$	1,138,009
. ,	Φ	25,740	φ	-	Φ	001	φ	121,123	Φ	-	Φ	-	φ	
Due to other governmental units					_	<u>-</u> _	_			<u> </u>		<u> </u>		21,460
Total liabilities		25,746	_		_	861	_	121,123		-		-		1,159,469
Fund balances:														
Reserved for:														
Perpetual Care		-				-		-		-		3,752,413		3,752,413
Trust Principal		-		25,000		-		-		-		-		25,000
Inventories		-		-		-		-		-		19,294		19,294
Encumbrances		1,927		-		-		-		-		-		635,263
Unreserved:														
Debt service		-		-		-		-		1,115,085		-		1,115,085
Designated for ensuing year budget		-		-		-		37,000		-		-		2,473,050
Designated for compensated absences		15,735		-		6,188		-		-		-		245,488
Undesignated		1,460,278		149,883		683,067	_	75,011		-		<u> </u>		7,264,897
Total fund balances		1,477,940		174,883		689,255	_	112,011		1,115,085		3,771,707		15,530,490
Total liabilities and fund balances	\$	1,503,686	\$	174,883	\$	690,116	\$	233,134	\$	1,115,085	\$	3,771,707	\$	16,689,959

City of Grand Rapids, Michigan Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

Special Revenue Funds											
	Michigan		Neighborhood								
	Justice	Vehicle	Business	Building	DNR	Sidewalk	Budget				
Grants	Training	Storage Facility	Improvement	Inspections	Properties	Repair	Stabilization				
				•							
\$ -	\$ -	\$ -	\$ -	\$ 3,530,154	\$ -	\$ -	\$ -				
7,792,969	-	-	-	-	-	-	-				
7,345	75,247	-	-	-	-	-	-				
266,621	-	707,007	-	275,490	-	1,149,883	-				
65,484	4,594	13,262	38,160	117,271	13,453	23,115	-				
1,106,983	6,965		224,542		51,803						
9,239,402	86,806	720,269	262,702	3,922,915	65,256	1,172,998					
-	83,469	532,581	-	-	-	-	-				
-	-	-	-	-	-	-	-				
9,076,455	-	-	146,280	2,607,649	119,841	1,371,229	-				
-	-	-	-	-	-	-	-				
		<u> </u>									
9,076,455	83,469	532,581	146,280	2,607,649	119,841	1,371,229					
162,947	3,337	187,688	116,422	1,315,266	(54,585)	(198,231)					
71,566	-	-	-	136,428	-	-	-				
(58,642)	-	(24,128)	(7,986)	(201,430)	(13,455)	(42,558)					
12,924		(24,128)	(7,986)	(65,002)	(13,455)	(42,558)					
175,871	3,337	163,560	108,436	1,250,264	(68,040)	(240,789)	-				
479,034	131,200	206,715	744,410	1,958,870	303,504	684,868	2,288,369				
\$ 654,905	\$ 134,537	\$ 370,275	\$ 852,846	\$ 3,209,134	\$ 235,464	\$ 444,079	\$ 2,288,369				
	\$ 7,792,969 7,345 266,621 65,484 1,106,983 9,239,402 9,076,455 9,076,455 162,947 71,566 (58,642) 12,924 175,871 479,034	Same Same	Grants Justice Training Vehicle Storage Facility \$ - \$ - \$ - \$ - 7,792,969 707,007 7,345 75,247 - 707,007 65,484 4,594 13,262 1,106,983 6,965 702,269 - 83,469 532,581 - 9,076,455	Michigan Justice Vehicle Vehicle Business Improvement \$ - \$ - \$ - \$ - \$ - \$ - \$ - 7,792,969	Grants Michigan Justice Vehicle Storage Facility Business Improvement Building Inspections \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ 3,530,154 7,792,969 7,345 75,247 7 - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	Michigan Justice Vehicle Business Building DNR	Michigan Justice Vehicle Business Building DNR Sidewalk Repair				

City of Grand Rapids, Michigan Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds for the year ended June 30, 2008

for the year ended June 30, 2008		Special Re	venue Funds		Debt Serv	vice Funds	Permanent Fund	
		General		Downtown	Grand Rapids			i otai Nonmajor
	Drug Law	Special	Economic	Improvement	Building	Public Act	Cemeteries	Governmental
	Enforcement	Revenue	Development	District	Authority	175	Perpetual Care	Funds
Revenues:	-		•	_				
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,530,154
Federal grants	19,039	-	-	-	-	-	-	7,812,008
State grants	-	-	-	-	-	-	-	82,592
Charges for services	-	3,489	14,000	689,935	-	-	35,007	3,141,432
Investment Earnings	66,007	6,380	33,014	14,461	41,604	-	170,325	607,130
Miscellaneous	625,973							2,016,266
Total revenues	711,019	9,869	47,014	704,396	41,604		205,332	17,189,582
Expenditures:								
Current:								
Public safety	782,471	-	-	-	-	-	-	1,398,521
Culture and recreation	-	3,821	-	-	-	-	-	3,821
Urban and community development	-	-	35,174	744,847	-	-	-	14,101,475
Debt service:								
Principal	-	-	-	-	3,579,707	925,000	-	4,504,707
Interest and paying agent fees					3,921,219	437,185		4,358,404
Total expenditures	782,471	3,821	35,174	744,847	7,500,926	1,362,185		24,366,928
Excess (deficiency) of revenues over expenditure	(71,452)	6,048	11,840	(40,451)	(7,459,322)	(1,362,185)	205,332	(7,177,346)
Other financing sources (uses):								
Transfers in	4,702	-	-	-	7,510,519	1,362,185	83,295	9,168,695
Transfers out							(199,281)	(547,480)
Total other financing sources (uses)	4,702				7,510,519	1,362,185	(115,986)	8,621,215
Net change in fund balances	(66,750)	6,048	11,840	(40,451)	51,197	-	89,346	1,443,869
Fund balances - beginning	1,544,690	168,835	677,415	152,462	1,063,888		3,682,361	14,086,621
Fund balances - ending	\$ 1,477,940	\$ 174,883	\$ 689,255	\$ 112,011	\$ 1,115,085	\$ -	\$ 3,771,707	\$ 15,530,490

City of Grand Rapids Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget to Actual Non-major Governmental Funds

for the year ended June 30, 2008

	Budget							Actual									
	Revenues	_ <u>E</u>	xpenditures		er Financing Irces (uses)		Net		Revenues	<u>E</u> :	xpenditures		ner Financing urces (uses)		Net	<u>N</u>	et Variance
Grants	\$ 16,945,758	\$	17,563,719	\$	12,924	\$	(605,037)	\$	9,239,402	\$	9,076,455	\$	12,924	\$	175,871	\$	780,908
Michigan Justice Training	86,000		90,000		-		(4,000)		86,806		83,469		-		3,337		7,337
Vehicle Storage Facility	670,997		614,413		(24,128)		32,456		720,269		532,581		(24,128)		163,560		131,104
Neighborhood Business Improvement	283,997		170,947		(7,986)		105,064		262,702		146,280		(7,986)		108,436		3,372
Building Inspections	3,276,689		3,055,087		(65,002)		156,600		3,922,915		2,607,649		(65,002)		1,250,264		1,093,664
DNR Properties	104,000		153,131		(13,455)		(62,586)		65,256		119,841		(13,455)		(68,040)		(5,454)
Sidewalk Repair	1,558,926		1,644,232		(42,558)		(127,864)		1,172,998		1,371,229		(42,558)		(240,789)		(112,925)
Drug Law Enforcement	1,068,478		939,565		4,702		133,615		711,019		782,471		4,702		(66,750)		(200,365)
General Special Revenue	-		-		-		-		9,869		3,821		-		6,048		6,048
Economic Development	43,000		51,833		-		(8,833)		47,014		35,174		-		11,840		20,673
Downtown Improvement District	700,200		752,037		-		(51,837)		704,396		744,847		-		(40,451)		11,386
Total	\$ 24,738,045	\$	25,034,964	\$	(135,503)	\$	(432,422)	\$	16,942,646	\$	15,503,817	\$	(135,503)	\$	1,303,326	\$	1,735,748

Note: Both budgeted and actual figures are prepared in conformity with generally accepted accounting principles.

City of Grand Rapids, Michigan Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2008

			Belknap	Ice	Tota	al Nonmajor
	Cemeteries (Operating		Arena	Ente	prise Funds
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$	154,968	\$	254,172	\$	409,140
Receivables, net		72,762		20,228		92,990
Due from other funds		23,441		-		23,441
Inventory		26,381				26,381
Total current assets		277,552		274,400		551,952
Noncurrent assets:						
Other assets		221,099		-		221,099
Capital assets:						
Non-depreciable		5,255		-		5,255
Depreciable		1,381,363		3,680,719		5,062,082
Less accumulated depreciation	(1,074,512)		(1,996,568)		(3,071,080)
Total noncurrent assets		533,205		1,684,151		2,217,356
Total assets	\$	810,757	\$	1,958,551	\$	2,769,308
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$	62,822	\$	22,310	\$	85,132
Accrual for compensated absences		80,695		-		80,695
Total current liabilities		143,517		22,310		165,827
Noncurrent liabilities (net of portion due within 1 year):						
Net OPEB Obligation		43,153				43,153
Total noncurrent liabilities	-	43,153				43,153
Total liabilities		186,670		22,310		208,980
NET ASSETS						
Invested in capital assets net of related debt		533,205		1,684,151		2,217,356
Unrestricted		90,882		252,090		342,972
Total net assets		624,087		1,936,241	-	2,560,328
Total liabilities and net assets	\$	810,757	\$	1,958,551	\$	2,769,308

City of Grand Rapids, Michigan Combining Statement of Revenues, Expenses and Changes in Net Assets Nonmajor Enterprise Funds for the year ended June 30, 2008

		Belknap Ice	Total Nonmajor
	Cemeteries Operating	g Arena	Enterprise Funds
Operating revenues:			
Charges for services	\$ 816,397	\$ 753,805	\$ 1,570,202
Sales	267,714	98,760	366,474
Total operating revenues	1,084,111	852,565	1,936,676
Operating expenses:			
Personal services	1,154,154	239,142	1,393,296
Supplies and materials	290,514	47,577	338,091
Utilities	80,803	101,880	182,683
Contractual services	12,576	128,433	141,009
Other services and charges	104,658	80,258	184,916
Depreciation	40,977	156,001	196,978
Total operating expenses	1,683,682	753,291	2,436,973
Operating income (loss)	(599,571)99,274	(500,297)
Nonoperating revenues (expenses):			
Interest revenue	12,873	18,290	31,163
Interest expense and paying agent fees	-	(17,125)	(17,125)
Total nonoperating revenues (expenses)	12,873	1,165	14,038
Income (loss) before transfers	(586,698	100,439	(486,259)
Transfers in	872,245	-	872,245
Transfers out	(304,186	i)	(304,186)
Change in net assets	(18,639	100,439	81,800
Total net assets - beginning	642,726	1,835,802	2,478,528
Total net assets - ending	\$ 624,087	\$ 1,936,241	\$ 2,560,328

City of Grand Rapids, Michigan Combining Statement of Cash Flows Nonmajor Enterprise Funds for the year ended June 30, 2008

Tor the year ended dune 30, 2000		Cemeteries	Belknap	Total Nonmajor
		Operating	Ice Arena	Enterprise Funds
Cash flows from operating activities: Receipts from customers	\$	1,064,458	\$ 852,484	\$ 1,916,942
Payments to suppliers Payments to employees Payments for payroll taxes and benefits		(507,838) (811,712) (289,233)	(375,611) (211,080) (28,062)	(883,449) (1,022,792) (317,295)
Net cash provided (used) by operating activities		(544,325)	 237,731	(306,594)
Cash flows from noncapital financing activities: Transfers from other funds Transfers to other funds		872,245 (304,186)	- -	872,245 (304,186)
Net cash provided (used) by noncapital financing activities		568,059	 -	568,059
Cash flows from capital and related financing activities: Purchase of fixed assets Sale of assets Principal paid on capital debt Interest paid on capital debt		(28,956) 3,608 - -	- (466,724) (18,658)	(28,956) 3,608 (466,724) (18,658)
Net cash used by capital and related financing activities		(25,348)	(485,382)	(510,730)
Cash flows from investing activities: Interest received		12,873	 18,290	31,163
Net increase in equity in pooled cash and investments Equity in pooled cash and investments, beginning		11,259 143,709	 (229,361) 483,533	(218,102) 627,242
Equity in pooled cash and investments, ending		154,968	 254,172	409,140
Reconciliation of operating loss to net cash provided (used) operating activities: Operating Income/ (Loss)	by	(599,571)	99,274	(500,297)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities: Depreciation expense		40,977	156,001	196,978
Change in assets and liabilities: (Increase) decrease in accounts receivable Increase in due from other funds (Increase) decrease in inventory		5,135 (23,441) (1,347)	(81) -	5,054 (23,441) (1,347)
(Decrease) in vouchers and accounts payable		(19,287)	(17,463)	(36,750)
Increase in compensated absences Increase in Net OPEB Obligation		10,056 43,153	 - -	10,056 43,153
Total adjustments	_	55,246	138,457	193,703
Net cash provided (used) by operating activities	\$	(544,325)	\$ 237,731	\$ (306,594)

City of Grand Rapids, Michigan Combining Statement of Net Assets Internal Service Funds

June 30, 2008

June 30, 2006	ın	ntormation				racilities		insurance				ı otaı internai
	Te	echnology	N	Notor Equipment		Management		Payment		Engineering		Service Funds
ASSETS												
Current assets:												
Equity in pooled cash and investments	\$	4,982,773	\$	1,530,971	\$	1,065,062	\$	24,495,992	\$	1,484,719	\$	33,559,517
Funds held by trustee		475,125		105,442		-		1,362,405		=		1,942,972
Receivables, net		159,700		23,268		159,414		674,527		755,894		1,772,803
Due from other funds		14,194		74,119		33,843		-		111,866		234,022
Inventory		-		801,866		-		-		-		801,866
Deferred expenses		36,658	_	98,203	_	<u> </u>		-	_	-		134,861
Total current assets		5,668,450	_	2,633,869	_	1,258,319		26,532,924	_	2,352,479	_	38,446,041
Capital assets:												
Non-depreciable		338,851		81,846		-		-		-		420,697
Depreciable		7,964,948		37,066,079		-		-		=		45,031,027
Less accumulated depreciation		(5,153,870)	_	(25,717,138)	_	-		-		-		(30,871,008)
Total noncurrent assets		3,149,929		11,430,787	_	-		-	_	-		14,580,716
Total assets	\$	8,818,379	\$	14,064,656	\$	1,258,319	\$	26,532,924	\$	2,352,479	\$	53,026,757
LIABILITIES												
Current liabilities:												
Vouchers and accounts payable	\$	857,199	\$	213,291	\$	237,507	\$	722,514	\$	10,739	\$	2,041,250
Accrued interest payable		5,293		22,256		-		-		-		27,549
Health insurance claims payable		-		-		-		3,150,000		-		3,150,000
Current portion of general claims payable		-		-		-		4,250,814		-		4,250,814
Current workers' compensation liability		-		-		-		230,000		-		230,000
Due to other funds		-		-		-		1,046,283		-		1,046,283
Due to component units		-		-		-		203,387		-		203,387
Current maturities of bonds & contracts payable		373,000		2,107,272								2,480,272
Compensated absences		79,030	_	213,754	_	138,727		44,571	_	406,847		882,929
Total current liabilities		1,314,522	_	2,556,573	_	376,234		9,647,569	_	417,586		14,312,484
Noncurrent liabilities (net of current portion):												
Bond premium		23,102		68,280		-		-		-		91,382
Workers compensation liability		-		-		-		1,570,000		-		1,570,000
General claims payable		-		-		-		200,000		-		200,000
Contracts and notes payable		1,215,000		4,561,924		-		-		-		5,776,924
Net OPEB Obligation		26,130	_	136,450	_	62,305		116,992	_	205,941		547,818
Total noncurrent liabilities		1,264,232	_	4,766,654	_	62,305		1,886,992	_	205,941		8,186,124
Total liabilities		2,578,754		7,323,227		438,539		11,534,561		623,527		22,498,608
NET ASSETS												
Invested in capital assets net of related debt Restricted:		2,033,985		4,841,912		-		-		-		6,875,897
Unspent Bond Proceeds		475,125		105,442								580.567
Unrestricted		3,730,515		1,794,075		819,780		14,998,363		1,728,952		23,071,685
Total net assets		6,239,625	_	6,741,429	_	819,780		14,998,363	-	1,728,952	_	30,528,149
Total liabilities and net assets	\$	8,818,379	Φ	14,064,656	•	1,258,319	\$	26,532,924	•	2,352,479	Φ	53,026,757
rotal liabilities and het assets	Φ	0,010,379	\$	14,004,000	\$	1,256,319	Φ	20,332,924	\$	2,352,479	\$	55,026,757

City of Grand Rapids, Michigan Combining Statement of Revenues, Expenses and Changes in Net Assets Internal Service Funds for the year ended June 30, 2008

	Intormation		Facilities		ı otal internal	
	Technology	Motor Equipment	Management	Insurance Payment	Engineering	Service Funds
Operating revenues:				·		
Charges for services	\$ 9,553,358	\$ 9,493,146	\$ 4,635,946	\$ 39,442,476	\$ 5,431,362	\$ 68,556,288
Miscellaneous	1,124	131,597	232,323	120,396	572	486,012
Total operating revenues	9,554,482	9,624,743	4,868,269	39,562,872	5,431,934	69,042,300
Operating expenses:						
Personal services	672,058	2,487,951	1,082,455	602,221	3,506,143	8,350,828
Supplies and materials	268,310	3,751,995	912,254	-	75,310	5,007,869
Utilities	211,855	74,387	1,250,757	1,767	13,783	1,552,549
Contractual services	3,635,474	1,325	28,114	926,738	2,717	4,594,368
Other services and charges	1,008,227	494,582	1,213,152	33,774,823	744,638	37,235,422
Depreciation	450,394	3,472,515				3,922,909
Total operating expenses	6,246,318	10,282,755	4,486,732	35,305,549	4,342,591	60,663,945
Operating income (loss)	3,308,164	(658,012)	381,537	4,257,323	1,089,343	8,378,355
Nonoperating revenues (expenses):						
Interest revenue	214,285	180,494	8,132	1,079,055	53,253	1,535,219
Gain on sale of capital assets	-	445,538	-	-	-	445,538
Interest expense and paying agent fees	(71,957)	(352,086)				(424,043)
Total nonoperating revenues (expenses)	142,328	273,946	8,132	1,079,055	53,253	1,556,714
Income (loss) before transfers	3,450,492	(384,066)	389,669	5,336,378	1,142,596	9,935,069
Transfers in	47,454	-	380,069	-	-	427,523
Transfers out	(137,058)	(451,038)	(171,867)	(175,657)	(444,358)	(1,379,978)
Change in net assets	3,360,888	(835,104)	597,871	5,160,721	698,238	8,982,614
Total net assets - beginning	2,878,737	7,576,533	221,909	9,837,642	1,030,714	21,545,535
Total net assets - ending	\$ 6,239,625	\$ 6,741,429	\$ 819,780	\$ 14,998,363	\$ 1,728,952	\$ 30,528,149

City of Grand Rapids, Michigan Combining Statement of Cash Flows Internal Service Funds for the year ended June 30, 2008

,	intormation		Facilities	insurance		ı otaı internai
	Technology	Motor Equipment	Management	Payment	Engineering	Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 9,451,242	\$ 9,276,561	\$ 4,454,964 \$	41,568,484	4,646,339	\$ 69,397,590
Payments to suppliers	(5,468,134)	(4,207,689)	(3,279,492)	(34,435,683)	(831,200)	(48,222,198)
Payments to employees	(559,803)	(1,635,525)	(712,263)	(237,715)	(2,281,203)	(5,426,509)
Payments for payroll taxes and benefits	(150,264)	(786,702)	(328,412)	(260,072)	(1,041,717)	(2,567,167)
Other operating revenues	1,124	131,597	229,194	120,396	572	482,883
Net cash provided (used) by operating activities	3,274,165	2,778,242	363,991	6,755,410	492,791	13,664,599
Cash flows from noncapital financing activities:						
Transfers from other funds	47,454	-	380,069	-	-	427,523
Transfers to other funds	(137,058)	(451,038)	(171,867)	(175,657)	(444,358)	(1,379,978)
Net cash provided (used) by noncapital financing activities	(89,604)	(451,038)	208,202	(175,657)	(444,358)	(952,455)
Cash flows from capital and related financing activities:						
Proceeds from capital debt	-	-	-	-	-	-
Purchase of capital assets	(2,070,111)	(2,691,294)	-	-	-	(4,761,405)
Sale of capital assets	-	445,538	-	-	-	445,538
Principal paid on capital debt	(358,000)	(2,236,146)	-	-	-	(2,594,146)
Interest paid on capital debt	(71,213)	(352,397)			-	(423,610)
Net cash provided (used) by capital and related financing activities	(2,499,324)	(4,834,299)		<u> </u>	-	(7,333,623)
Cash flows from investing activities:						
Interest received	214,285	180,494	8,132	1,079,055	53,253	1,535,219
Net increase (decrease) in equity in pooled cash and investments	899,522	(2,326,601)	580,325	7,658,808	101,686	6,913,740
Equity in pooled cash and investments - beginning of year	4,558,376	3,963,014	484,737	18,199,589	1,383,033	28,588,749
Equity in pooled cash and investments - end of year (including restricted cash held by trustee: \$475,125 in Information Technology, \$105,442 in Motor						
Equipment, and \$1,362,405 in Insurance Payment fund)	\$ 5,457,898	\$ 1,636,413	\$ 1,065,062 \$	25,858,397	1,484,719	\$ 35,502,489

City of Grand Rapids, Michigan Combining Statement of Cash Flows Internal Service Funds for the year ended June 30, 2008

for the year ended Julie 30, 2000	ıntorma	ation			racilities	insurance				ı otaı internai		
	Techno	logy	Motor Equipment	M	anagement	Pa	ment		Engineering	Serv	ice Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:												
Operating income (loss)	\$ 3,	308,164	\$ (658,012)	\$	381,537	\$	4,257,323	\$	1,089,343	\$	8,378,355	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:												
Depreciation expense		450,394	3,472,515		-		-		-		3,922,909	
Change in assets and liabilities:												
(Increase) decrease in accounts receivable		(87,922)	26,966		(150,268)		(77,990)		(673,157)		(962,371)	
Increase in due from other funds		(14, 194)	(74,119))	(33,843)		2,203,998		(111,866)		1,969,976	
(Increase) decrease in inventory		-	(169,432))	-		-		-		(169,432)	
Increase in deferred expenses		58,438	-		-		-		-		58,438	
Increase (decrease) in vouchers and accounts payable	(402,706)	114,600		124,785		661,026		5,248		502,953	
Increase in due to other funds		-	-		-		1,046,283		-		1,046,283	
Increase in due to component units		-	-		-		203,387		-		203,387	
Increase in deferred revenues		-	-		-		-		-		-	
Increase (decrease) in compensated absences		(64,139)	(70,726))	(20,525)		(12,558)		(22,718)		(190,666)	
Decrease in general claims payable		-	-		-		(1,643,051)		-		(1,643,051)	
Increase (decrease) in Net OPEB Obligation		26,130	136,450	-	62,305		116,992		205,941		547,818	
Total adjustments		(33,999)	3,436,254		(17,546)		2,498,087		(596,552)		5,286,244	
Net cash provided (used) by operating activities	\$ 3,	274,165	\$ 2,778,242	\$	363,991	\$	6,755,410	\$	492,791	\$	13,664,599	

City of Grand Rapids, Michigan Combining Statement of Fiduciary Net Assets Pension Trust Funds

	Police and Fire Retirement System December 31, 2007			General	Total Pension Trust	
			F	letirement System		Funds
As of :			June 30, 2008			
ASSETS						
Investments held by trustee:						
Cash and money market funds	\$	7,414,146	\$	6,043,523	\$	13,457,669
United States Government Securities		20,820,657		23,435,020		44,255,677
State and municipal bonds		182,991		126,705		309,696
Corporate bonds		65,177,248		66,283,181		131,460,429
Common stocks and equity mutual funds		219,759,686		221,562,117		441,321,803
Collateral held by broker under securities lending		15,411,739		26,844,866		42,256,605
Other		39,466,961		37,784,068		77,251,029
Receivables, net:						
Investment securities sold		1,045,355		340,069		1,385,424
Other accounts		73,418		350,429		423,847
Accrued interest		696,977		750,830		1,447,807
Total assets	\$	370,049,178	\$	383,520,808	\$	753,569,986
LIABILITIES						
Compensated absences	\$	8,822	\$	7,618	\$	16,440
Investment securities purchased		230,129		1,988,294		2,218,423
Vouchers and accounts payable		414,044		347,522		761,566
Due to other funds		9,049		7,724		16,773
Liabilities under security lending program		15,411,739		26,844,866		42,256,605
Total liabilities		16,073,783		29,196,024		45,269,807
NET ASSETS						
Held in trust for pension benefits and other purposes		353,975,395		354,324,784		708,300,179
Total liabilities and net assets	\$	370,049,178	\$	383,520,808	\$	753,569,986

City of Grand Rapids, Michigan Combining Statement of Changes in Net Assets Pension Trust Funds

	Po	lice and Fire		General	Total Pension Trust		
	Retire	ement System	Retir	ement System	Funds		
		ne year ended mber 31, 2007	for the year ended June 30, 2008				
ADDITIONS							
Plan Contributions:							
Employer	\$	-	\$	6,008,558	\$	6,008,558	
Plan members		1,925,439		2,721,459		4,646,898	
Total contributions		1,925,439		8,730,017		10,655,456	
Investment earnings: Interest and dividends Net appreciation (depreciation) in fair value of investments		8,002,083 9,202,098		7,651,864 (39,132,691)		15,653,947 (29,930,593)	
Total investment earnings Investment management expense		17,204,181 (1,424,512)		(31,480,827) (1,305,325)		(14,276,646) (2,729,837)	
Net income from investment activities		15,779,669		(32,786,152)		(17,006,483)	
Securities lending income Securities lending expenses		169,032 (59,134)		257,508 (90,107)		426,540 (149,241)	
Net income from securities lending activities		109,898		167,401		277,299	
Total net investment income		15,889,567		(32,618,751)		(16,729,184)	
Total additions	-	17,815,006		(23,888,734)		(6,073,728)	
DEDUCTIONS							
Benefits paid		16,799,108		19,461,369		36,260,477	
Administration expenses		544,830		447,216		992,046	
Total deductions		17,343,938		19,908,585		37,252,523	
Change in net assets Total net assets - beginning		471,068 353,504,327		(43,797,319) 398,122,103		(43,326,251) 751,626,430	
Total net assets - ending	\$	353,975,395	\$	354,324,784	\$	708,300,179	

City of Grand Rapids, Michigan Statement of Changes in Assets and Liabilities Agency Tax Fund for the year ended June 30, 2008

_		Agency Tax Assets July 1, 2007		Additions		Deductions		Agency Tax Assets June 30, 2008	
Assets:									
Equity in pooled cash and investments	\$	21,237	\$	39,571	\$	-	\$	60,808	
Taxes receivable		2,479,563		120,907,955		121,284,954		2,102,564	
Total assets	\$	2,500,800	\$	120,947,526	\$	121,284,954	\$	2,163,372	
Liabilities:									
Due to other governmental units	\$	2,500,800	\$	120,947,526	\$	121,284,954	\$	2,163,372	
Total liabilities	\$	2,500,800	\$	120,947,526	\$	121,284,954	\$	2,163,372	

City of Grand Rapids, Michigan Capital Assets Used in the Operation of Governmental Funds Schedule By Source

June 30, 2008

Governmental fu	unds ca	apital a	assets:
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Land	\$	16,223,347
	Ψ	32,393,010
Land improvements		
Buildings and structures		176,776,086
Machinery and equipment		20,197,455
Motor vehicles		9,145,942
Office furniture and equipment		2,735,068
Infrastructure		517,383,223
Construction in progress		10,566,429
Total governmental funds capital assets	\$	785,420,560
Investments in governmental funds capital assets by source:		
Capital Projects Funds	\$	81,820,325
General Fund		3,284,090
Special Revenue Funds		541,641,075
Grand Rapids Building Authority		141,556,326
Federal grants		3,802,358
State grants		909,963
Gifts and donations		12,244,497
Enterprise Funds		161,926
Total governmental funds capital assets	\$	785,420,560

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity June 30, 2008

Function and Activity	Land	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office Furniture and Equipment	infrastructures	Construction in Progress	Totals
General government:	\$ 656,867	\$ 3,448,891	\$ 36,192,385	\$ 3,696,544	\$ 10,950	\$ 68,149	<u>s</u>	\$ 1,710,112	\$ 45,783,888
Public safety:									
Police	1,382,458	-	23,791,193	9,884,704	1,010,689	119,000	-	_	36,188,042
Fire	453,690		6,622,702	2,099,949	7,996,236	· •	-	-	17,172,577
	1,836,146	*	30,413,895	11,984,653	9,006,925	119,000	-	_	53,360,619
Public works:									
Public works	2,519,017	9,339,607	7,932,493	644,293	-	41,575	496,634,887	3,699,708	520,811,580
Street lighting		-	-	-	-		11,609,955	-,,	11,609,955
Traffic	42,400	-	3,710,930	1,772,268	-		9,138,381		14,663,979
City/County parking facility	3,505,326		11,843,571	261,852				<u> </u>	15,410,749
	6,086,743	9,339,607	23,286,994	2,678,413		41,575	517,383,223	3,699,708	562,496,263
Culture and recreation:									
Libraries	2,248,625	72,997	37,319,279	229,379	•	1,975,557		-	41,845,837
Museum	3,109,348	31,763	40,171,363	1,311,370	-	530,787		5,009	45,159,640
Parks	1,199,838	19,499,752	8,972,170	297,098	128,067			2,880,918	32,977,841
Art museum	530,000	<u> </u>	420,000	*		<u> </u>	<u></u>		950,000
	7,087,811	19,604,512	86,882,812	1,837,845	128,087	2,506,344	-	2,885,927	120,933,318
Urban and community developm	ent:								
Urban Development	540,397	•		-	-	-	-	2,270,682	2,811,079
Neighborhood Business Impr	35,393	·						<u></u> -	35,393
Total urban and communit	575,790	-	-	-				2,270,682	2,846,472
Total governmental funds cap	\$ 16,223,347	\$ 32,393,010	\$ 176,776,086	\$ 20,197,455	\$ 9,145,942	\$ 2,735,068	\$ 517,383,223	<u>\$ 10,566,429</u>	\$ 785,420,560

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity for the year ended June 30, 2008

Function and Activity	Ca	rnmental Funds apital Assets une 30, 2007	 Adjustments / Additions	Deletions	1	vernmental Funds Capital Assets June 30, 2008
General government	\$	44,477,112	\$ 1,306,776	\$	\$	45,783,888
Public safety:						
Police		36,142,695	45,347			36,188,042
Fire		15,646,443	 1,526,134			17,172,577
Total public safety	/#aan	51,789,138	 1,571,481	7		53,360,619
Public works:						
Public works		518,669,781	3,259,720	1,117,921		520,811,580
Street lighting		11,609,955	•			11,609,955
Traffic safety		14,391,003	789,472	516,496		14,663,979
City/County parking facility		15,410,749				15,410,749
Total public works	***************************************	560,081,488	 4,049,192	1,634,417		562,496,263
Culture and recreation:						
Libraries		41,845,837	-	_		41,845,837
Museum		44,761,647	397,993	-		45,159,640
Parks		31,356,653	1,643,178	21,990		32,977,841
Art museum		950,000	 -	-		950,000
Total culture and recreation		118,914,137	 2,041,171	21,990		120,933,318
Urban and community development:						
Urban Development		1,488,112	1,322,967	-		2,811,079
Neighborhood Business Improvements		35,393	-	_		35,393
Total urban and community development		1,523,505	 1.322,967		_	2,848,472
Total governmental funds capital assets	\$	776,785,380	\$ 10,291,587	\$ 1,656,407	\$	785,420,560

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan **Contents of the Statistical Section**

This part of the City of Grand Rapids' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. Many of the tables present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

Contents	<u>Tables</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	1-5
Revenue Capacity	6-10
These schedules contain information to help the reader assess two locally levied taxes, the property tax collected by the City Treasurer which is the largest locally levied tax and the income tax collected by the City's Income Tax Department which is the city's most significant revenue source.	
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	11-14
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	15, 16
Operating Information These schedules contain service data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	17-19

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002, schedules presenting government-wide information include information beginning in that year. Certain other information had not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

City of Grand Rapids, Michigan Net Assets by Component (unaudited) Last Seven Fiscal Years

					Fisc	al Year Ended				
		2002	2003	2004		2005	2006		2007	2008
Governmental Activities										
Invested in capital assets, net of related debt	\$	72,439,748	\$ 95,971,286	\$ 94,804,365	\$	87,476,858	\$ 372,091,207	\$	346,049,782	\$ 337,227,130
Restricted		12,316,175	33,675,895	14,354,672		5,767,246	6,479,606		4,895,900	5,142,104
Unrestricted		90,580,952	48,214,112	 56,240,841		49,134,684	58,035,464		80,076,513	 69,898,522
Total governmental activities net assets	\$	175,336,875	\$ 177,861,293	\$ 165,399,878	\$	142,378,788	\$ 436,606,277	\$	431,022,195	\$ 412,267,756
Business-type Activities										
Invested in capital assets, net of related debt	\$	232,393,479	\$ 251,630,423	\$ 279,644,764	\$	270,812,583	\$ 336,310,697	\$	343,690,232	\$ 351,218,972
Restricted		11,902,455	5,889,141	7,612,496		31,152,368	92,033,134		54,666,321	19,051,868
Unrestricted		101,644,428	105,492,504	 93,496,737		89,450,645	 (16,867,351)		22,104,797	 63,594,154
Total business-type activities net assets	\$	345,940,362	\$ 363,012,068	\$ 380,753,997	\$	391,415,596	\$ 411,476,480	\$	420,461,350	\$ 433,864,994
Primary Government										
Invested in capital assets, net of related debt	\$	304,833,227	\$ 347,601,709	\$ 374,449,129	\$	358,289,441	\$ 708,401,904	\$	689,740,014	\$ 688,446,102
Restricted	·	24,218,630	39,565,036	21,967,168	·	36,919,614	98,512,740	·	59,562,221	24,193,972
Unrestricted		192,225,380	153,706,616	 149,737,578		138,585,329	41,168,113		102,181,310	133,492,676
Total primary government net assets	\$	521,277,237	\$ 540,873,361	\$ 546,153,875	\$	533,794,384	\$ 848,082,757	\$	851,483,545	\$ 846,132,750

City of Grand Rapids, Michigan Changes in Net Assets (unaudited) Last Seven Fiscal Years

	<u>2002</u>		2003	2004	Fi	iscal Year Ended 2005	2006	2007	2008
Expenses:									
Governmental activities:									
General government	\$ 23,431,677	\$	21,428,588	\$ 21,333,282	\$	33,672,302	\$ 33,839,173	\$ 31,560,007	\$ 31,758,040
Public safety	78,381,150		81,271,096	78,550,437		63,974,695	65,765,653	70,760,682	78,488,302
Public works	34,493,135		34,634,556	37,049,923		43,527,115	51,053,186	45,630,253	52,100,751
Culture and Recreation	24,736,608		30,663,741	28,419,253		28,834,178	26,871,475	20,017,892	20,471,242
Urban & Community Development	16,156,683		19,293,049	17,214,538		19,631,447	20,772,920	19,701,047	18,111,909
Interest on long-term debt	 5,574,922	_	6,324,449	 5,772,221		5,976,465	5,725,618	 5,724,165	 6,126,343
Total governmental activities expenses	 182,774,175	_	193,615,477	 188,339,654		195,616,202	 204,028,025	 193,394,046	 207,056,587
Business-type activities:									
Water Supply System	34,138,136		34,903,597	35,906,598		37,085,727	38,554,561	40,107,062	39,172,761
Sewage Disposal System	27,833,329		25,985,137	32,493,825		30,404,961	31,205,602	38,950,866	38,537,806
Auto Parking System	7,468,280		7,396,315	8,414,363		8,626,703	8,608,427	8,865,252	8,451,634
Other Enterprises	 1,752,587		1,889,404	 1,842,923		2,368,347	 2,504,463	 2,463,912	 2,369,229
Total business-type activities expenses	 71,192,332	_	70,174,453	 78,657,709		78,485,738	 80,873,053	 90,387,092	 88,531,430
Total primary government expenses	\$ 253,966,507	\$	263,789,930	\$ 266,997,363	\$	274,101,940	\$ 284,901,078	\$ 283,781,138	\$ 295,588,017
Program Revenues:									
Governmental activities:									
Charges for services	\$ 29,103,885	\$	33,773,357	\$ 36,510,113	\$	33,629,418	\$ 33,130,826	\$ 31,262,245	\$ 32,050,281
Operating grants and contributions	12,024,137		13,588,641	15,608,878		15,906,995	13,559,580	11,856,924	9,094,674
Capital grants and contributions	992,353		8,537,362	 1,293,722		1,330,925	1,987,320	 689,666	 2,149,305
Total governmental activities program revenues	 42,120,375	_	55,899,360	 53,412,713		50,867,338	48,677,726	43,808,835	43,294,260
Business-type activities:									
Charges for services	78,187,890		83,930,045	80,830,792		82,589,876	90,107,477	91,620,368	95,591,004
Operating grants and contributions	-		526,411	7,513,430		64,832	5,709,177	481,086	245,032
Capital grants and contributions	 	_	-	 7,742,882		7,269,318	6,290,514	 2,707,224	2,170,346
Total business-type activities program revenues	 78,187,890	_	84,456,456	 96,087,104	_	89,924,026	102,107,168	 94,808,678	 98,006,382
Total primary government program revenues	\$ 120,308,265	\$	140,355,816	\$ 149,499,817	\$	140,791,364	\$ 150,784,894	\$ 138,617,513	\$ 141,300,642

City of Grand Rapids, Michigan Changes in Net Assets (unaudited) Last Seven Fiscal Years

	2002	2003	2004	Fisc	cal Year Ended 2005	2006		2007	2008
Net (expense)/revenue									
Governmental activities	\$ (140,653,800)	\$ (137,716,117)	\$ (134,926,941)	\$	(144,748,864)	\$ (155,350,299)	\$	(149,585,211)	\$ (163,762,327)
Business-type activities	 6,995,558	 14,282,003	 17,429,395		11,438,288	21,234,115		4,421,586	 9,474,952
Total primary government net expense	\$ (133,658,242)	\$ (123,434,114)	\$ (117,497,546)	\$	(133,310,576)	\$ (134,116,184)	\$	(145,163,625)	\$ (154,287,375)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 27,878,106	\$ 30,661,413	\$ 28,716,475	\$	30,665,405	\$ 33,936,687	\$	35,486,005	\$ 37,819,932
Income taxes	52,625,743	50,356,192	50,939,823		53,110,303	58,199,875		58,475,287	59,496,282
State shared taxes	44,491,309	39,379,693	38,116,803		37,459,858	37,663,040		37,083,659	36,613,479
Unrestricted investment earnings	4,914,340	2,325,007	2,115,509		2,549,172	3,863,086		5,858,969	6,184,748
Miscellaneous	3,862,027	4,421,297	341,141		2,234,021	3,248,806		2,297,981	3,009,628
Gain on sale of capital assets	380,414	-	270,198		2,275,880	302,205		1,959,697	36,998
Transfers	 2,141,781	 1,027,381	 1,965,577		3,247,121	 3,320,778		2,839,531	 1,846,821
Total governmental activities:	 136,293,720	 128,170,983	122,465,526		131,541,760	 140,534,477		144,001,129	 145,007,888
Business-type activities:									
Unrestricted investment earnings	2,792,900	2,190,115	1,574,371		2,005,844	2,939,706		6,878,811	4,435,828
Miscellaneous	4,647,646	5,639,524	703,740		464,588	580,841		524,004	1,339,685
Gain on sale of capital assets	670,106	289,557	-		-	-		-	-
Transfers	 (1,829,406)	 (1,150,937)	 (1,965,577)		(3,247,121)	 (3,320,778)		(2,839,531)	 (1,846,821)
Total business-type activities	 6,281,246	 6,968,259	 312,534		(776,689)	 199,769	_	4,563,284	 3,928,692
Total primary government	\$ 142,574,966	\$ 135,139,242	\$ 122,778,060	\$	130,765,071	\$ 140,734,246	\$	148,564,413	\$ 148,936,580
Change in Net Assets									
Governmental activities	\$ (4,360,080)	\$ (9,545,134)	\$ (12,461,415)	\$	(13,207,104)	\$ (14,815,822)	\$	(5,584,082)	\$ (18,754,439)
Business-type activities	 13,276,804	 21,250,262	 17,741,929		10,661,599	21,433,884		8,984,870	 13,403,644
Total primary government	\$ 8,916,724	\$ 11,705,128	\$ 5,280,514	\$	(2,545,505)	\$ 6,618,062	\$	3,400,788	\$ (5,350,795)

City of Grand Rapids, Michigan Fund Balances, Governmental Funds (unaudited) Last Seven Fiscal Years (modified accrual basis of accounting)

				Fisc	al Year Ended			
	2002	<u>2003</u>	<u>2004</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	2008
General Fund								
Reserved	\$ 835,573	\$ 9,044,028	\$ 1,804,703	\$	1,389,912	\$ 1,208,882	\$ 1,987,359	\$ 1,448,920
Unreserved	 16,227,534	10,544,224	13,628,370		17,611,164	 23,993,189	21,264,507	17,724,256
Total general fund	\$ 17,063,107	\$ 19,588,252	\$ 15,433,073	\$	19,001,076	\$ 25,202,071	\$ 23,251,866	\$ 19,173,176
All other governmental funds								
Reserved	\$ 29,022,390	\$ 43,281,327	\$ 32,524,323	\$	21,014,731	\$ 18,265,336	\$ 33,567,839	\$ 27,602,015
Unreserved, reported in:								
Special revenue funds	33,085,593	18,097,619	8,036,118		12,260,289	13,635,293	18,035,117	23,643,189
Capital projects funds	7,336,488	-	261,087		-	-	-	-
Debt Service funds	 		610,994		640,043	1,092,513	 1,063,888	1,115,085
Total all other governmental funds	\$ 69,444,471	\$ 61,378,946	\$ 41,432,522	\$	33,915,063	\$ 32,993,142	\$ 52,666,844	\$ 52,360,289

City of Grand Rapids, Michigan Changes in Fund Balances, Governmental Funds (unaudited) Last Seven Fiscal Years (modified accrual basis of accounting)

			F	isca	al Year Ended				
	<u>2002</u>	2003	2004		2005	2006	2007	2008	
Revenues:									
Property taxes	\$ 27,878,106	\$ 29,533,993	\$ 29,843,895	\$	30,665,405	\$ 33,936,687	\$ 35,486,005	\$ 37,819,932	
City income taxes	52,625,743	50,356,192	50,939,823		53,110,303	58,199,875	58,475,287	59,496,282	
State shared taxes	44,491,309	39,379,693	38,116,803		37,459,858	37,663,040	36,828,342	36,613,479	
Licenses and permits	2,373,116	2,206,937	2,110,581		2,505,698	3,046,481	4,077,284	3,823,654	
Fines and forfeitures	3,999,529	4,312,681	4,145,387		1,479,619	1,522,692	647,587	1,973,737	
Federal grants	8,793,980	2,970,045	9,967,941		11,117,298	9,738,166	10,552,526	8,798,195	
State grants	3,614,457	1,924,548	1,139,675		1,381,728	817,447	1,020,516	1,000,072	
Other grants & contributions	608,053	17,231,410	2,047,994		4,543,370	4,927,413	807,639	1,830,393	
Charges for services	22,731,240	27,130,183	30,805,504		27,384,991	28,385,989	25,599,287	25,613,387	
Investment earnings	4,365,056	2,319,021	1,732,336		1,998,314	3,017,557	4,376,806	4,553,028	
Miscellaneous	 3,862,027	4,421,297	3,929,008		4,330,456	3,313,344	2,961,898	3,670,803	
Total revenues	\$ 175,342,616	\$ 181,786,000	\$ 174,778,947	\$	175,977,040	\$ 184,568,691	\$ 180,833,177	\$ 185,192,962	
Expenditures:									
Current:									
General government	\$ 18,542,056	\$ 18,754,484	\$ 18,616,815	\$	28,983,009	\$ 28,547,800	\$ 29,382,551	\$ 29,609,107	
Public safety	76,033,683	77,149,074	76,247,330		59,500,047	59,454,286	67,908,407	71,621,129	
Public works	27,500,877	27,390,204	29,756,575		30,756,908	27,832,531	29,580,823	30,342,790	
Culture and recreation	22,629,383	25,312,912	22,715,863		23,442,663	22,654,145	16,127,384	15,881,816	
Urban and community development	16,100,954	18,820,446	17,222,874		19,220,353	20,310,964	19,781,538	18,358,822	
Debt service:									
Principal	3,491,517	3,825,750	4,475,945		5,008,620	5,021,433	5,953,623	6,279,870	
Interest, fees, and bond issue costs	4,125,371	5,696,222	5,324,341		6,014,816	5,361,182	5,173,407	5,455,238	
Capital outlay	 49,943,803	 58,799,311	17,333,821		18,189,746	10,963,908	10,365,952	15,424,881	
Total expenditures	 218,367,644	 235,748,403	 191,693,564		191,116,162	 180,146,249	 184,273,685	 192,973,653	
Excess (deficit) of revenues over expenditures	\$ (43,025,028)	\$ (53,962,403)	\$ (16,914,617)	\$	(15,139,122)	\$ 4,422,442	\$ (3,440,508)	\$ (7,780,691)	CO

City of Grand Rapids, Michigan Changes in Fund Balances, Governmental Funds (unaudited) Last Seven Fiscal Years (modified accrual basis of accounting)

			F	isca	l Year Ended			
	<u>2002</u>	2003	2004		2005	2006	2007	2008
Other financing sources (uses):								
Transfers in	\$ 31,762,821	\$ 29,311,040	\$ 24,131,089	\$	26,121,155	\$ 22,489,046	\$ 22,301,884	\$ 22,354,865
Transfers from component units	312,375	-	-		-	-	-	-
Transfers out	(30,788,062)	(28,856,336)	(23,583,746)		(22,589,426)	(21,632,413)	(20,394,195)	(19,555,589)
Sale of capital assets	-	-	-		2,544,000	-	2,268,309	945,075
Face value of bonds and contracts issued	4,314,313	39,254,017	1,348,640		18,225,000	-	14,740,000	427,560
Premium on bonds issued	-	266,577	-		(81,063)	-	642,623	-
Payment to refunded bond escrow agent	 	(4,070,363)	-		(13,030,000)	 -	 -	 (945,075)
Total other financing sources (uses)	 5,601,447	35,904,935	 1,895,983		11,189,666	856,633	19,558,621	3,226,836
Net change in fund balances	 (37,423,581)	 (18,057,468)	 (15,018,634)		(3,949,456)	 5,279,075	 16,118,113	(4,553,855)
Fund balances, beginning	 124,931,159	 99,024,666	 80,967,198		56,865,595	 52,916,139	 58,195,214	 75,918,710
Residual equity transfer	(1,000,000)	-	-		-	-	-	-
Current year change in inventory levels	 	 	-			-	 1,605,383	 168,610
Fund balances, ending	\$ 86,507,578	\$ 80,967,198	\$ 65,948,564	\$	52,916,139	\$ 58,195,214	\$ 75,918,710	\$ 71,533,465
Debt Service as a percentage of non-capital expenditures	4.25%	5.38%	5.36%		5.89%	5.83%	6.43%	6.42%

City of Grand Rapids, Michigan
Tax Revenue by Source - All Funds (unaudited)

Last Ten Fiscal Years

	City	y Taxes			Proportio	nally	Shared Sta	te Taxes				
Fiscal Year	Local Income Tax	Property Tax, All Funds 1	Sales Tax	Sing	le Business Tax	Stat	Protection, te-Owned acilities	Alcoholic Beverages Tax	Ga	s and Weight Tax	7	Total ax Revenues, All Funds
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008	\$ 50,774,380 56,392,496 56,244,137 52,635,205 50,366,192 50,939,823 53,110,303 58,199,875 58,475,287 59,496,282	\$ 25,105,355 26,270,208 26,796,902 27,553,547 28,940,220 29,378,553 30,665,405 33,936,687 33,865,482 37,819,932	\$ 22,361,671 24,731,482 27,132,514 31,468,924 26,175,653 23,653,513 23,394,253 23,127,660 22,444,741 22,444,741		1,048,094	\$	75,000 129,508 65,392 71,027 74,581 150,601 207,854 165,927	\$ 116,749 115,391 119,725 115,000 183,523 72,525 135,259 133,734 136,863 169,527	\$	11,473,608 13,057,628 12,072,050 12,426,631 13,745,362 14,036,759 13,855,765 13,680,293 13,521,754 13,306,408	\$	110,954,857 120,567,205 122,365,328 124,328,815 119,466,342 118,152,200 121,235,566 129,228,850 128,651,981 133,402,817
		W	Percer	nt to T	otal Tax Sou	rces						% Increase (Decrease) Over Prior Year
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008	45.8 46.8 46.0 42.3 42.2 43.1 43.8 45.0 45.5	22.6 21.8 21.9 22.2 24.2 24.9 25.3 26.3 26.3 28.4	20.2 20.5 22.2 25.3 21.9 20.0 19.3 17.9 17.4		0.9 0.0 0.0 0.0 0.0 0.0 0.0 0.0		0.1 0.0 0.0 0.1 0.1 0.1 0.1 0.1 0.2	0.1 0.1 0.1 0.1 0.2 0.1 0.1 0.1		10.3 10.8 9.9 10.0 11.5 11.9 11.4 10.6 10.5		4.94 8.66 1.49 1.60 (3.91) (1.10) 2.61 6.59 (0.45) 3.69

Note: (1) Excludes the discretely presented Component Units and special assessments for Downtown Improvement District.

City of Grand Rapids, Michigan Segmented Data on Local Income Tax Filers, Rates and Liability (Unaudited)

Most Recent Calendar Year and Seven Years Previous

	Calendar Year 2007					Calendar Year 2000					
	# of	% of Total Returns	Total Taxable		% of Total	# of	% of Total Returns	Total Taxable		% of Total	
Taxable Income per Return	Returns	Filed	Income	Tax Dollars	Tax Dollars	Returns	Filed	Income	Tax Dollars	Tax Dollars	
Individual and Joint Returns											
Resident Taxpayers:											
\$37 or less	2,810	2 %	\$ -	\$ -	0 %	2,260	2 %	\$ -	\$ -	0 %	
38 - 12,500	16,231	13	92,300,000	1,200,000	3	20,686	15	113,500,000	1,470,000	3	
12,501 - 25,000	12,267	10	228,500,000	2,970,000	6	14,089	10	261,900,000	3,400,000	7	
25,001 - 50,000	15,753	13	567,700,000	7,380,000	16	17,250	12	620,700,000	8,070,000	16	
50,001 - 100,000	10,562	8	721,500,000	9,380,000	20	10,744	8	721,000,000	9,370,000	18	
More than \$100,000	2,655	2	486,900,000	6,330,000	13	2,318	2	844,200,000	10,970,000	21	
Subtotal	60,278	48 %	\$ 2,096,900,000	\$ 27,260,000	58 %	67,347	47 %	\$ 2,561,300,000	\$ 33,280,000	65 %	
Non-Resident Taxpayers:											
\$75 or less	7,764	6 %	\$ -	\$ -	0 %	8,184	6 %	\$ -	\$ -	0 %	
76 - 12,500	15,455	12	80,000,000	520,000	1	18,724	13	96,000,000	620,000	1	
12,501 - 25,000	10,359	8	195,400,000	1,270,000	3	12,260	9	231,400,000	1,500,000	3	
25,001 - 50,000	17,339	14	632,300,000	4,110,000	9	19,048	13	684,600,000	4,450,000	9	
50,001 - 100,000	9,830	8	658,500,000	4,280,000	9	8,358	6	551,300,000	3,580,000	7	
More than \$100,000	3,180	3	656,900,000	4,270,000	9	2,410	2	477,800,000	3,110,000	6	
Subtotal	63,927	51 %	\$ 2,223,100,000	\$ 14,450,000	31 %	68,984	48 %	\$ 2,041,100,000	\$ 13,260,000	26 %	
All Other Returns											
Subtotal	695	1 %	\$ 330,200,000	\$ 5,200,000	11 %	5,969	4 %	\$ 397,900,000	\$ 5,030,000	10 %	
Total	124,900	100 %	\$ 4,650,200,000	\$ 46,910,000	100 %	142,300	100 %	\$ 5,000,300,000	\$ 51,570,000	100 %	

Source: City Income Tax Department

Note: Information is taken from returns filed for the calendar year. Current tax rates were established by the City's electorate in 1995. City resident income, after exemptions, exclusions and deductions, is taxed at a flat rate of 1.3%. Non-residents and trusts pay at a rate of 0.65% on all City source income. Other taxpayers are corporations, which pay 1.3% on all City source income and partnerships which may be filing information returns or remit the tax at a rate based on the partner's residence status. The income tax is the most significant local revenue source.

The most recent calendar year is compared to the earliest year from which complete information is available. Numbers may not total due to rounding.

Table 6 105

City of Grand Rapids, Michigan Assessed and Estimated Actual Value of Taxable Property (unaudited)

Last Ten Fiscal Years

			Taxable \	Values .						Percent
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Renaissance Zone Property	Total Direct	Estimated Actual Value	Ratio of Total Taxable to Estimated Actual Value	Increase in Estimated Actual Value Over Prior Year
1999	1,851,096,442	721,941,046	193,935,293	446,643,194	3,213,615,975	-	8.1704	6,705,450,050	48	7.69 %
2000	1,907,893,856	765,453,038	187,583,890	487,871,734	3,348,802,518	16	8.1611	7,157,332,800	47	6.74
2001	1,983,494,041	793,949,128	199,226,313	463,585,023	3,440,254,505	(47,455,297)	8.1266	7,494,309,600	46	4,71
2002	2,099,702,781	847,008,558	215,406,528	475,722,545	3,637,840,412	(76,460,167)	8.0723	8,133,318,200	45	8.53
2003	2,223,486,355	889,515,820	226,865,880	477,672,209	3,817,540,264	(92,933,347)	8.0386	8,710,012,200	44	7.09
2004	2,318,085,017	923,763,420	239,013,889	453,233,500	3,934,095,826	(125,082,362)	7.9740	9,293,591,000	42	6.70
2005	2,433,217,121	959,707,142	248,312,237	460,070,964	4,101,307,464	(145,669,332)	8.1517	9,705,688,400	42	4.43
2006	2,564,563,659	1,027,474,798	256,293,237	453,659,214	4,301,990,906	(172,046,412)	8.1223	10,236,127,400	42	5.47
2007	2,723,809,045	1,080,152,938	275,610,938	441,456,423	4,521,029,344	(194,798,099)	8.1217	10,731,463,200	42	4.84
2008	2,900,213,075	1,120,213,609	276,191,900	444,703,216	4,741,321,799	(225,905,875)	8.2413	11,050,637,600	43	2,97

Note: State statute requires all property subject to ad vaorem taxation be assessed at 50 percent of market value. Estimated actual value as shown is calculated by doubling the assessed value. Since 1994, any increase in the taxable value of existing property has been limited each year to the lower of 5% or the rate of inflation, until the property ownership is transferred. Only the taxable portion of the assessed value is presented above under the Taxable Value headings. Property located in designated Renaissance Zones is assessed on the ad valorem roll, but taxes due, other than school debt millages, are abated for 15 years.

Table 7 106

City of Grand Rapids, Michigan Property Tax Levies and Collections (unaudited)

Last Ten Fiscal Years

Collected within the

				***************************************	Fiscal Year of the Levy				,	Total Collec	tions to Date
Fiscal Year Ended June 30	Tax Year Original Tax Levy		Amount		Percentage of Subse		Collections in Subsequent Years (net of adjustments)		Amount	Percentage of Original Levy	
1999	1998	\$	24.840,025	\$	24,792,954	99.81 %	\$	39,695	\$	24,832,649	99.97 %
2000	1999	7	25,462,164	•	25,408,588	99.79		46,258		25,454,846	99.97
2001	2000		26.095,693		25,921,062	99.33		60,226		25,981,288	99.56
2002	2001		27,760,859		27,593,449	99.40		42,503		27,635,952	99.55
2003	2002		28,327,549		28,111,333	99,24		45,555		28,156,888	99.40
2004	2003		28,727,962		28,484,072	99.15		57,095		28,541,167	99.35
2005	2004		30,520,491		30,229,415	99.05		70,779		30,300,194	99.28
2006	2005		31,489,290		31,189,355	99.05		16,770		31,206,125	99.10
2007	2006		33,103,919		33,003,553	99.70		4,129		33,007,682	99.71
2008	2007		34,822,801		34,724,866	99.72		~		34,724,866	99.72

Note: The tax levies and collections shown above are ad valorem taxes only and exclude amounts payable to discretely presented Component Units.

City of Grand Rapids, Michigan **Property Tax Rates and Tax Levies Direct and Overlapping Governments (unaudited)**

Last Ten Fiscal Years

			City of Grar	nd Rapids Direct	Tax Rates ¹						
			Promotional						Total		
Fiscal	Tax	General	and		Refuse			Total State	Intermodal		Combined
Year	Year	Operating	Advertising	Library ²	Collection	Total City	Total School 3	Education	Transit	Total County	Total
Tax Rate	es: ⁴										
1999	1998	4.2600	0.0154	2.5450	1.3500	8.1704	24.9060	6.0000	-	5.3664	44.4428
2000	1999	4.2545	0.0149	2.5417	1.3500	8.1611	24.8426	6.0000	-	5.3551	44.3588
2001	2000	4.2332	0.0145	2.5289	1.3500	8.1266	24.5635	6.0000	0.7500	5.3340	44.7741
2002	2001	4.1997	0.0138	2.5088	1.3500	8.0723	24.4729	6.0000	0.7300	5.3000	44.5752
2003	2002	4.1791	0.0131	2.4964	1.3500	8.0386	24.5992	6.0000	0.7480	5.3140	44.6998
2004	2003	4.1389	0.0127	2.4724	1.3500	7.9740	24.2922	5.0000	0.7603	5.3140	43.3405
2005	2004	4.1256	0.0116	2.4645	1.5500	8.1517	26.8256	6.0000	0.9500	5.3140	47.2413
2006	2005	4.1070	0.0120	2.4533	1.5500	8.1223	26.3676	6.0000	0.9500	5.3140	46.7539
2007	2006	4.1070	0.0114	2.4533	1.5500	8.1217	26.0726	6.0000	0.9500	5.3940	46.5383
2008	2007	4.1070	0.0110	2.4533	1.6700	8.2413	27.1768	6.0000	0.9500	5.3940	47.7621
Tax Levi	es:										
1999	1998	\$ 13,595,867	\$ 49,149	\$ 8,122,414	\$ 4,308,550	\$ 26,075,980	\$ 52,264,803	\$ 19,149,191	\$ -	\$ 17,127,036	\$ 114,617,010
2000	1999	14,077,199	49,301	8,409,923	4,466,851	27,003,274	54,086,109	19,852,749	-	17,718,910	118,661,042
2001	2000	14,362,325	49,196	8,580,050	4,580,279	27,571,850	54,201,303	20,356,795	2,544,600	18,096,868	122,771,416
2002	2001	14,956,729	49,147	8,934,791	4,807,809	28,748,476	56,336,916	21,368,070	2,599,492	18,956,902	128,009,856
2003	2002	15,565,613	48,792	9,298,173	5,028,200	29,940,510	58,702,011	22,347,585	2,785,702	19,792,374	133,568,183
2004	2003	15,765,126	48,374	9,417,405	5,142,114	30,372,753	58,555,088	19,044,932	2,895,672	20,241,098	131,109,543
2005	2004	16,325,235	45,902	9,752,167	6,133,439	32,256,743	70,824,894	23,742,343	3,759,204	21,007,150	151,590,334
2006	2005	16,959,546	49,553	10,130,717	6,400,608	33,540,424	72,250,590	24,776,546	3,922,953	21,856,801	156,347,313
2007	2006	17,769,426	49,323	10,614,495	6,706,260	35,139,504	74,236,917	25,959,716	4,110,288	23,330,628	162,777,053

37,213,304

82,710,685

27,092,791

4,289,692

24,033,323

175,339,795

2008

2007

11,077,791

Penalties-1 percent per month til paid, after February 16, a total of 4 percent (3 percent penalty and 1 percent collection fee) is added.

7,540,827

18,545,016

Table 9 108

49,670

Note: (1) City taxes, includes amounts payable to discretely presented Component Units: Due-July 1; Delinquent-August 1;

⁽²⁾ Library includes Library Capital Improvement of 0.3805 mills and portion of General Operating millage dedicated to Library Operations.

⁽³⁾ Rate includes Grand Rapids Public School non-homestead rate, Kent Intermediate School District, and Grand Rapids Community College.

⁽⁴⁾ Property tax rates: per \$1,000 of Taxable Value.

City of Grand Rapids, Michigan Principal Property Tax Taxpayers (unaudited)

Current Year and Nine Years Previous

Type of Business		•	Rank	Percentage of Total Taxable Valuation		,	Rank	Percentage of Total Taxable Valuation
Electric Utility	\$	39,940,063	1	0.88 %	\$	34,361,895	3	1.04 %
Hotel / Real Estate		35,386,289	2	0.78		52,801,202	2	1.60
Furniture Manufacturing		34,175,783	3	0.76		106,700,295	1	3.24
Bakery Products		30,107,700	4	0.67		17,973,200	7	0.55
Real Estate		26,609,452	5	0.59		-		
Shopping Center/Real Estate		25,910,405	6	0.57		-		
Gas Utility		22,918,715	7	0.51		28,474,189	5	0.86
Manufacturing		21,447,372	8	0.47		14,801,701	9	0.45
Banking/Real Estate		21,382,218	9	0.47		16,199,870	8	0.49
Real Estate/Development		15,068,818	10	0.33		-		
Real Estate						31,275,091	4	0.95
Real Estate						21,759,759	6	0.66
Retailer			_			13,411,893	10	0.41
	\$	272,946,815		6.04 %	\$	337,759,095		10.25 %
	Electric Utility Hotel / Real Estate Furniture Manufacturing Bakery Products Real Estate Shopping Center/Real Estate Gas Utility Manufacturing Banking/Real Estate Real Estate/Development Real Estate Real Estate	Electric Utility \$ Hotel / Real Estate Furniture Manufacturing Bakery Products Real Estate Shopping Center/Real Estate Gas Utility Manufacturing Banking/Real Estate Real Estate/Development Real Estate Real Estate Real Estate	Type of Business Taxable Valuation Electric Utility \$ 39,940,063 Hotel / Real Estate 35,386,289 Furniture Manufacturing 34,175,783 Bakery Products 30,107,700 Real Estate 26,609,452 Shopping Center/Real Estate 25,910,405 Gas Utility 22,918,715 Manufacturing 21,447,372 Banking/Real Estate 21,382,218 Real Estate/Development 15,068,818 Real Estate Real Estate Real Estate Real Estate	Type of Business Taxable Valuation Rank Electric Utility \$ 39,940,063 1 Hotel / Real Estate 35,386,289 2 Furniture Manufacturing 34,175,783 3 Bakery Products 30,107,700 4 Real Estate 26,609,452 5 Shopping Center/Real Estate 25,910,405 6 Gas Utility 22,918,715 7 Manufacturing 21,447,372 8 Banking/Real Estate 21,382,218 9 Real Estate/Development 15,068,818 10 Real Estate Real Estate Real Estate Real Estate Real Estate Real Estate	Type of Business Taxable Valuation Rank Taxable Valuation Electric Utility \$ 39,940,063 1 0.88 % Hotel / Real Estate 35,386,289 2 0.78 Furniture Manufacturing 34,175,783 3 0.76 Bakery Products 30,107,700 4 0.67 Real Estate 26,609,452 5 0.59 Shopping Center/Real Estate 25,910,405 6 0.57 Gas Utility 22,918,715 7 0.51 Manufacturing 21,447,372 8 0.47 Banking/Real Estate 21,382,218 9 0.47 Real Estate/Development 15,068,818 10 0.33 Real Estate Real Estate Real Estate Real Estate	Type of Business Taxable Valuation Rank Taxable Valuation Taxable Valuation Electric Utility \$ 39,940,063 1 0.88 % \$ Hotel / Real Estate 35,386,289 2 0.78 Furniture Manufacturing 34,175,783 3 0.76 Bakery Products 30,107,700 4 0.67 Real Estate 26,609,452 5 0.59 Shopping Center/Real Estate 25,910,405 6 0.57 Gas Utility 22,918,715 7 0.51 Manufacturing 21,447,372 8 0.47 Banking/Real Estate 21,382,218 9 0.47 Real Estate/Development 15,068,818 10 0.33 Real Estate Real Estate Real Estate Real Estate	Type of Business Taxable Valuation Rank Taxable Valuation Taxable Valuation Electric Utility \$ 39,940,063 1 0.88 % \$ 34,361,895 Hotel / Real Estate 35,386,289 2 0.78 52,801,202 Furniture Manufacturing 34,175,783 3 0.76 106,700,295 Bakery Products 30,107,700 4 0.67 17,973,200 Real Estate 26,609,452 5 0.59 - Shopping Center/Real Estate 25,910,405 6 0.57 - Gas Utility 22,918,715 7 0.51 28,474,189 Manufacturing 21,447,372 8 0.47 14,801,701 Banking/Real Estate 21,382,218 9 0.47 16,199,870 Real Estate/Development 15,068,818 10 0.33 - Real Estate 21,759,759 Retailer 21,341,893	Electric Utility \$ 39,940,063 1 0.88 % \$ 34,361,895 3 Hotel / Real Estate 35,386,289 2 0.78 52,801,202 2 Furniture Manufacturing 34,175,783 3 0.76 106,700,295 1 Bakery Products 30,107,700 4 0.67 17,973,200 7 Real Estate 26,609,452 5 0.59 - Shopping Center/Real Estate 25,910,405 6 0.57 - Gas Utility 22,918,715 7 0.51 28,474,189 5 Manufacturing 21,447,372 8 0.47 14,801,701 9 Banking/Real Estate 21,382,218 9 0.47 16,199,870 8 Real Estate/Development 15,068,818 10 0.33 - Real Estate 31,275,091 4 Real Estate 21,759,759 6 Retailer 13,411,893 10

Note: Total Taxable Valuation for largest taxpayers includes qualified real and personal properties exempted from ad valorem property taxes but subject to a specific Industrial Facilities Tax under Public Act 198 of 1974. *Keebler property is eligible for exemption under the Michigan Renaissance Zone Act, Public Act 376 of 1996.

The percentage calculation is based on the Taxable Values of \$4,515,465,224 in 2007 and \$3,293,924,406 in 1999 on the ad valorem tax roll. Some taxpayers operated under a different name in the earlier reporting period, but the business and major assets were essentially the same.

Table 10 109

City of Grand Rapids, Michigan Computation of Direct and Overlapping Debt (unaudited)

June 30, 2008

Kent County

Total overlapping debt

Total City direct and overlapping debt

		Total Debt	Balances	Net Debt		Self	Debt	Supported by City
Name of Governmental Unit	(Outstanding	 On Hand	 Outstanding		Supporting	Gene	ral Property Taxes
Direct debt:								
City of Grand Rapids:								
Revenue Bonds	\$	311,801,712	\$ -	\$ 311,801,712	\$	311,801,712	\$	-
Grand Rapids Building Authority		97,700,000	-	97,700,000		38,583,608		59,116,392
Grand Rapids and Kent County Joint Building Authority		1,400,000	-	1,400,000		1,400,000		-
Act 175 Motor Vehicle Highway		8,205,000	-	8,205,000		8,205,000		-
Capital Improvement Bonds		14,740,000	-	14,740,000		-		14,740,000
Downtown Development Authority		36,305,720	1,215,300	35,090,420		35,090,420		-
Kent County Drain Commission contracts		11,637,089	-	11,637,089		-		11,637,089
Installment Purchase Agreements		1,227,804	-	1,227,804		-		1,227,804
Internal Service Installment Purchase Agreements		8,257,195	-	8,257,195		-		8,257,195
SmartZone - Local Finance Authority		3,745,000	-	3,745,000		3,745,000		-
State of Michigan Infrastructure Loan		1,164,838	 	 1,164,838		1,164,838		-
Total City direct debt	\$	496,184,358	\$ 1,215,300	\$ 494,969,058	\$	399,990,578	\$	94,978,480
					(City Share as		
				Gross	Pe	rcent of Gross		Net
Overlapping debt:								
School District of the City of Grand Rapids				\$ 163,130,000		100.00 %	\$	163,130,000
Caledonia Community Schools				120,522,627		0.14		168,732
Godwin Heights Public Schools				11,275,000		12.29		1,385,698
Grandville Public Schools				31,440,000		0.03		9,432
Kentwood Public Schools				94,664,000		8.49		8,036,974
Forest Hills Public Schools				216,210,000		1.70		3,675,570
Kenowa Hills Public Schools				30,790,000		0.11		33,869
Grand Rapids Community College				47,445,000		21.67		10,281,332

157,499,300

872,975,927

22.26

35,059,344 221,780,951

316,759,431

Note: The City of Grand Rapids does not carry debt supported by special assessment billing and collections.

The following statistical schedules are not relevant to the City of Grand Rapids and therefore have not been included in the statistical presentation:

Special assessments billings and collections

Computation of legal debt margin for special improvements

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Table 11 110

City of Grand Rapids, Michigan Ratios of Outstanding Debt by Type (unaudited)

Last Ten Fiscal Years

C.	21/0	rnm	on	tal	۸.	4iv	/ities	

•	(General Bonded debt			Other debt		_
Fiscal Year	General Obligation Limited Tax Bonds	Percentage of Personal Income	Per Capita ¹	General Obligation Limited Tax Bonds	Revenue Bonds	State Loans	Total Governmental Activities
1999	25,131,770	0.73	134	29,309,743	-	139,809	54,581,322
2000	33,313,831	0.97	178	29,527,000	-	110,422	62,951,253
2001	61,689,101	1.70	312	29,550,155	-	1,080,975	92,320,231
2002	62,305,078	1.78	315	29,121,449	-	1,862,795	93,289,322
2003	63,469,208	1.82	321	28,398,024	30,855,000	1,750,824	124,473,056
2004	57,718,106	1.67	292	31,299,000	30,855,000	1,576,841	121,448,947
2005	54,474,010	1.23	275	27,849,816	36,590,000	1,383,951	120,297,777
2006	51,104,515	1.42	264	29,550,270	36,370,000	1,206,894	118,231,679
2007	62,326,821	1.72	321	29,138,275	35,650,000	1,022,755	128,137,851
2008	57,800,146	1.26	300	25,140,000	34,860,000	831,250	118,631,396

Business-Type Activities

Fiscal	General Obligation		Total Business-Type	Total Primary	Percentage of	
Year	Limited Tax Bonds	Revenue Bonds	Activities	Government	Personal Income	Per Capita
1999	17,035,448	281,009,321	298,044,769	352,626,091	10.26	1,882
2000	15,820,948	272,974,321	288,795,269	351,746,522	10.23	1,877
2001	14,139,948	264,769,321	278,909,269	371,229,500	10.23	1,877
2002	22,456,948	256,002,281	278,459,229	371,748,551	10.64	1,879
2003	22,757,733	246,260,393	269,018,126	393,491,182	11.26	1,989
2004	21,553,114	236,203,505	257,756,619	379,205,566	10.98	1,939
2005	20,405,101	262,961,693	283,366,794	403,664,571	9.11	2,067
2006	19,043,923	337,454,957	356,498,880	474,730,559	13.18	2,453
2007	25,463,909	324,883,297	350,347,206	478,485,057	13.20	2,462
2008	23,927,892	311,801,712	335,729,604	454,361,000	9.87	2,359

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

1999 and later: CACI FILE 581: Population Demographics - per 2000 Census

2006: The Right Place, Inc.

U.S. Census Bureau - American Fact Finder

Table 12 111

⁽¹⁾ Prior to 1999: Bureau of the Census Current Population Reports.

City of Grand Rapids, Michigan Legal Debt Margin Information (unaudited)

Last Ten Fiscal Years

					Fis	cal Year				
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit Total net debt applicable to limit Legal debt margin	\$ 345,738,333	\$ 368,313,232	104,190,502	\$ 418,384,250 107,643,780 \$ 310,740,470	\$ 446,813,800 134,182,865 \$ 312,630,935	\$ 475,370,080 130,645,976 \$ 344,724,104	\$ 495,389,880 129,282,227 \$ 366,107,653	130,605,409	\$ 545,804,600 \$ 147,919,856 \$ 397,884,744 \$	561,637,260 138,707,088 422,930,172
Total net debt applicable to the limit (as a percetage of debt limit)	22.80%	21.12%	27.03%	25.73%	30.03%	27.48%	26.10%	25.06%	27.10%	24.70%

Legal Debt Margin Calcu	ulation for Fiscal `	Yea	r 2008
Assessed Value Add back: exempt real property		\$	5,525,318,800 91,053,800
Total Assessed Value			5,616,372,600
Debt limit (10% of total AV)			561,637,260
Debt applicable to limit:			
Total debt outstanding	496,184,357		
Less: exempt debt	357,477,269		
Total net debt applicable to limit		_	138,707,088
Legal debt margin		\$	422,930,172

Note: Under authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have to ten percent of total assessed property value. However significant exceptions to the limitations are permitted for certain types of indebtedness which include: State transportation bonds, Water and Sewer revenue bonds, and Tax Increment Bonds

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Table 13 112

City of Grand Rapids, Michigan Pledged Revenue Coverage (unaudited)

Last Ten Fiscal Years

Fiscal	Gross	Direct Operating	Net Revenue	Net Revenue Debt Service Requirements Available for					
Year	Revenue 1	Expenses ²	Debt Service	Principal	Interest	Total	Coverage		
							<u>~</u>		
Water Sup	ply System Fund:								
1999	35,350,854	18,679,685	16,671,169	3,605,000	8,394,379	11,999,379	1.39		
2000	35,149,804	19,263,621	15,886,183	3,810,000	8,179,929	11,989,929	1.32		
2001	35,785,814	20,945,222	14,840,592	4,085,000	7,948,089	12,033,089	1.23		
2002	37,522,806	20,524,180	16,998,626	4,210,000	7,680,133	11,890,133	1.43		
2003	39,845,409	21,344,581	18,500,828	5,040,000	6,683,900	11,723,900	1.58		
2004	38,102,756	22,860,685	15,242,071	5,215,000	6,431,900	11,646,900	1.31		
2005	38,643,997	24,404,759	14,239,238	5,800,000	5,895,900	11,695,900	1.22		
2006	42,699,936	25,711,372	16,988,564	6,645,000	7,318,848	13,963,848	1.22		
2007	43,798,379	26,089,718	17,708,661	7,030,000	6,961,606	13,991,606	1.27		
2008	44,474,320	26,896,625	17,577,695	7,380,000	6,177,056	13,557,056	1.30		
Sewage D	isposal System Fu	<u>nd:</u>							
1998	30,194,764	12,688,911	17,505,853	3,279,035	5,063,861	8,342,896	2.10		
1999	28,997,913	17,303,101	11,694,812	4,090,000	4,962,273	9,052,273	1.29		
2000	30,338,739	14,990,249	15,348,490	4,225,000	4,832,105	9,057,105	1.69		
2001	32,862,464	15,521,477	17,340,987	4,420,000	8,992,558	13,412,558	1.29		
2002	33,336,969	16,253,230	17,083,739	4,560,000	7,406,142	11,966,142	1.43		
2003	35,399,884	14,227,141	21,172,743	4,701,888	7,270,048	11,971,936	1.77		
2004	33,598,127	16,938,028	16,660,099	4,841,888	7,129,146	11,971,034	1.39		
2005	34,165,655	17,972,556	16,193,099	5,296,736	6,568,594	11,865,330	1.36		
2006	38,207,316	17,719,500	20,487,816	5,926,660	8,873,755	14,800,415	1.38		
2007	41,209,166	21,051,938	20,157,228	6,051,585	8,690,230	14,741,815	1.37		
2008	43,266,185	20,035,372	23,230,813	6,231,433	8,492,507	14,723,940	1.58		

Notes: (1) Gross revenue includes operating revenues, interest revenue and miscellaneous revenue.

⁽²⁾ Direct operating expenses are total operating expenses less depreciation expense Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan Demographic Statistics (unaudited)

Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Income ¹	Median Age ¹	School Enrollment ²	Unemployment ³
1999	187,400	3,437,290,800	18,342	31.5	27,068	5.0
2000	197,800	3,628,047,600	18,342	31.5	25,978	3.4
2001	197,433	3,621,316,086	18,342	30.4	27,415	5.4
2002	196,598	3,472,117,278	17,661	30.4	26,168	8.3
2003	196,306	3,466,960,266	17,661	30.4	25,823	9.4
2004	195,115	3,445,926,015	17,661	30.4	24,219	10.1
2005	195,287	4,430,476,169	22,687	34.2	23,233	8.7
2006	193,568	3,601,913,344	18,608	30.8	23,234	7.5
2007	194,341	3,624,848,332	18,652	34.6	22,340	8.0
2008	192,643	4,604,167,700	23,900	34.8	21,382	8.3

Notes: (1) Prior to 1999: Bureau of the Census Current Population Reports.

1999 and later: CACI FILE 581: Population Demographics - per 2000 Census

2006: The Right Place, Inc.

U.S. Census Bureau - American Fact Finder

- (2) Grand Rapids Public Schools School Matters
- (3) Michigan Employment Security Commission, Michigan Labor Market Information. Average percent for Fiscal Year.

Table 15 114

City of Grand Rapids, Michigan Principal Local Employers (unaudited)

Current Year and Nine Years Previous

			2008		1999			
Employer	Type of Business	West Michigan Employees	Rank	Total City Employment	West Michigan Employees	Rank	Total City Employment	
Spectrum Health	Hospital and medical services	14,308	1	11.5 %	10,000	2	8.1 %	
Meijer Inc	Retailer	8,441	2	6.8	12,575	1	10.1	
Steelcase Inc.	Furniture manufacturing	5,000	3	4.0	9,000	3	7.2	
Spartan Stores Inc	Food distributor and retailer	4,605	4	3.7				
Axios Incorporated	Human resources and employment service	4,100	5	3.3				
Alticor Inc.	Consumer products manufacturer	4,000	6	3.2	4,933	4	4.0	
Grand Rapids Public Schools	Education	2,885	7	2.3	4,000	5	3.2	
St. Mary's Health Care	Hospital and medical services	2,635	8	2.1	2,500	10	2.0	
City of Grand Rapids	Local government	2,601	9	2.1				
Farmers Insurance Group	Insurance	2,500	10	2.0				
General Motors	Automobile parts	2,500	10	2.0	2,500	9	2.0	
D & W Food Centers	Groceries				3,993	6	3.2	
Old Kent Bank	Banking				3,600	7	2.9	
Wolverine World Wide	Footware		_		2,675	8	2.2	
		53,575	_	43.1 %	55,776	_	44.9 %	

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of self-reported employment by the largest employers in the seven county metropolitan area. Employers selected for inclusion here are those with a significant presence in Kent County. According to the 2000 Census while less than half of employed city residents work in the city, 90% of employed city residents work in Kent County. Non-city residents fill 63% of the employment in the city. Focusing on the county rather than the city provides a better indication of the potential economic impact on the city of a closure or relocation of one or more major local employers. Percentages are based on the total employment in the city at the time of the 2000 census, 124,193. The complete list of employers is available at www.rightplace.org/regionalStatistics/.

Some employers operated under a different name in the earlier reporting period, but the business and major assets were essentially the same.

Table 16 115

City of Grand Rapids, Michigan Full-time Equivalent City Government Employees by Department (unaudited) Last Ten Fiscal Years

Department	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessor	23	23	23	24	20	20	19	19	18	19
Attorney	21	21	22	22	22	19	18	18	18	18
City Clerk	13	13	14	14	13	11	11	11	10	10
Community Development	24	26	25	24	30	30	29	27	19	18
Comptroller	21	21	21	21	20	19	17	15	17	17
61st District Court	94	103	105	105	105	96	91	91	91	89
Economic Development	-	4	4	6	4	4	4	5	5	4.5
Engineering	68	55	55	55	54	51	51	51	51	50.5
Environmental Protection	135	134	137	136	127	124	124	126	126	128.5
Equal Opportunity	-	-	-	-	-	-	-	7	7	7
Executive	18	18	18	17	17	14	14	14	12	12.5
Facilities Management	-	18	18	20	20	20	15	15	15	15
Fire	268	268	269	269	271	262	253	241	239	238
Fiscal Services	17	21	19	19	19	18	14	12	12	13.5
General Administration	-	-	-	-	-	1	1	1	-	0
Human Resources	29	28	30	30	30	29	28	18	17	17
Income Tax	17	18	18	18	18	16	15	16	16	17
Information Technology	6	10	9	10	8	8	8	8	8	5
Management Services	-	-	-	-	-	3	3	5	6	6
Motor Equipment	43	43	43	41	40	39	37	34	34	34
Neighborhood Improvement	64	67	67	69	63	58	57	53	52	52.5
Parking Services	37	37	38	37	36	37	37	37	37	36
Parks and Recreation	69	69	72	71	68	59	63	43	41	42
Planning	16	24	25	24	22	18	18	14	12	12
Police	467	468	468	471	458	445	411	412	411	411
Public Library	62	62	58	58	71	71	66	67	63	63
Public Museum	33	33	35	35	34	21	17	17	-	0
Streets & Sanitation	103	105	110	112	111	111	113	112	107	106
Traffic Safety	38	40	42	44	44	44	40	41	41	42
Treasurer	21	22	22	22	22	21	21	20	20	20
Water	180	180	186	185	185	186	186	186	186	186
	1,887	1,931	1,953	1,959	1,932	1,855	1,781	1,733	1,691	1,690

Notes: Source, Annual Fiscal Plan authorized positions.

Table 17 116

City of Grand Rapids, Michigan Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year								_	
Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cemeteries										_
Burials	654	695	650	639	616	639	636	561	552	537
Clerk										
Voters in November election	54,885	17,234	74,645	8,356	54,881	15,005	83,369	15,070	66,264	10,840
Environmental Protection/Sewage										
Billions of gallons treated *	18.75	18.99	20.12	20.69	18.67	16.99	18.64	17.96	18.73	16.66
Fire										
Total calls *	16,172	16,251	16,838	17,164	17,394	18,874	18,861	19,000	19,079	19,644
Civilian fire deaths *	13	9	4	2	7	9	4	0	2	1
Neighborhood Improvement										
Building permits issued	1,208	1,319	1,293	1,447	1,733	1,723	1,945	1,964	1,813	1,905
Parks and Recreation										
Open swim participants	83,706	87,816	102,644	82,769	60,425	32,573	26,829	41,586	70,650	77,130
Swimming lesson participants	730	800	10,254	11,698	7,120	7,322	668	601	670	882
Softball league participants	38,684	38,460	39,689	38,232	37,296	35,102	24,788	174 teams	131 teams	135 teams
Police										
Major crimes *	14,611	12,627	13,057	12,092	11,485	11,956	11,625	12,427	12,544	12,792
Physical Arrests *	16,194	17,441	17,548	18,200	15,291	13,813	14,304	13,373	16,902	8,962
Public Library										
Library card holders	191,787	104,904	112,681	122,418	132,986	144,600	154,259	110,145	106,558	115,352
Total user count	704,513	557,206	495,578	654,666	738,226	908,786	910,513	954,027	985,011	1,037,686
Local history collection users	20,117	19,550	15,625	18,273	14,002	33,409	30,073	23,826	32,363	33,410
Total circulation of materials	1,196,415	1,123,115	1,118,899	1,410,829	1,393,001	1,546,593	1,428,096	1,523,566	1,587,379	1,597,192
Public Museum										
Admissions, all facilities	293,153	331,270	227,040	231,461	397,832e	380,058	395,928	369,134	143,109	307,191
Public Works										
Tons of refuse picked up	38,530	38,004	37,180	35,553	34,422	37,937	34,086	32,668	31,098	30,520
Tons of recycling removed	3,000	4,800	5,600	6,300	6,500	6,600	5,685	5,823	5,955	5,840
Water										
Number of retail customers	73,039	74,043	74,891	75,750	76,537	77,483	78,284	79,852	77,629	77,820
New connections										
Billions of gallons produced	15.69	14.97	14.64	14.49	15.16	14.07	14.71	14.81	14.71	14.42
Peak daily flow (millions of gal.)	83.20	74.00	75.60	79.60	90.10	71.90	79.20	81.30	79.20	79.50

Notes: * Calendar information for the previous calandar year.

Table 18 117

City of Grand Rapids, Michigan Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Fiscal Year										
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
11	11	11	11	11	11	11	11	11	11	
6	6	6	5	5	6	5	5	5	6	
67	67	67	67	67	67	67	67	63	67	
9	9	10	10	10	9	9	9	6	9	
70	70	70	70	70	70	70	70	40	70	
25						19	19	19	32	
7	6	6	7	8	8	8	8	8	8	
809	821	833	843	850	864	870	882	890	893	
606	607	608	608	612	620	638	638	638	638	
18,571	18,671	18,708	18,708	19,026	19,026	19,026	19,026	19,026	20,191	
1,055	1,069	1,084	1,094	1,101	1,112	1,122	1,134	1,143	1,147	
	11 6 67 9 70 25 7 809 606 18,571	11 11 6 6 67 9 9 70 70 25 7 6 809 821 606 607 18,571 18,671	11 11 11 11 6 6 6 6 6 6 6 6 6 6 6 6 6 7 67 9 9 10 70 70 25 7 6 6 809 821 833 606 607 608 18,571 18,671 18,708	11 11 11 11 11 6 6 6 5 67 67 67 67 9 9 10 10 70 70 70 70 25 7 6 6 7 809 821 833 843 606 607 608 608 18,571 18,671 18,708 18,708	1999 2000 2001 2002 2003 11 11 11 11 11 11 6 6 6 5 5 67 67 67 67 67 9 9 10 10 10 70 70 70 70 70 25 7 6 6 7 8 809 821 833 843 850 606 607 608 608 612 18,571 18,671 18,708 18,708 19,026	1999 2000 2001 2002 2003 2004 11 11 11 11 11 11 11 6 6 6 5 5 6 67 67 67 67 67 9 9 10 10 10 9 70 70 70 70 70 70 25 7 6 6 7 8 8 809 821 833 843 850 864 606 607 608 608 612 620 18,571 18,671 18,708 18,708 19,026 19,026	1999 2000 2001 2002 2003 2004 2005 11 10 10 10	1999 2000 2001 2002 2003 2004 2005 2006 11	1999 2000 2001 2002 2003 2004 2005 2006 2007 11	

City of Grand Rapids, Michigan

Additional Reports Required by OMB Circular A-133
Year Ended June 30, 2008

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City of Grand Rapids, Michigan

Additional Reports Required by OMB Circular A-133

Year Ended June 30, 2008

City of Grand Rapids, Michigan

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards



Independent Auditors' Report

Honorable Mayor and Members of the City Commission City of Grand Rapids, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2008. We did not audit the financial statements of the City of Grand Rapids Retirement Systems which represents 99% of the total assets of the Fiduciary Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed therein, insofar as it relates to the amounts included for the City of Grand Rapids Retirement Systems, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood

that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grand Rapids' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City of Grand Rapids in a separate letter dated December 1, 2008.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Commission, management, others within the City, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Grand Rapids, Michigan

BDO Serdman, LLP

December 1, 2008

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

Independent Auditors' Report

Honorable Mayor and Members of the City Commission City of Grand Rapids, Michigan

Compliance

We have audited the compliance of the City of Grand Rapids, Michigan (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Grand Rapids' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Grand Rapids, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct

and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Rapids as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. We did not audit the financial statements of the City of Grand Rapids Retirement Systems which represents 99% of the total assets of the Fiduciary Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed therein, insofar as it relates to the amounts included for the City of Grand Rapids Retirement Systems, is based solely upon the report of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Rapids' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Commission, management, others within the City, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Grand Rapids, Michigan

BDO Serdman, LLP

December 1, 2008

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008	Federal CFDA Number	Grant Award Number	Federal Expenditures
Federal Awards Distributed Directly to the City of Grand Rapids, Michigan			
Department of Housing and Urban Development			
Community Development Block Grant	14.218		
28th Program Year		B02-MC-26-0019	\$ 125,000
30th Program Year		B04-MC-26-0019	16,005
31st Program Year		B05-MC-26-0019	143,793
32nd Program Year		B06-MC-26-0019	1,041,577
33rd Program Year		B07-MC-26-0019	3,952,820
			5,279,195
Emergency Shelter Grant	14.231		
Emergency Sheher Grant	14.231	S07-MC-26-0019	173,401
Home Investment Partnership Program	14.239		
1101110 111 (400110110 1 411011011111 p 1 1 0 g 1 41111	120)	M01-MC26-0206	20,000
		M03-MC26-0206	7,500
		M04-MC26-0206	217,334
		M05-MC26-0206	434,172
		M06-MC26-0206	237,511
		M07-MC26-0206	694,475
			1,610,992
Lead Hazard Control Program	14.900	MILHB0253-03	7,909
Lead Hazard Reduction Demonstration Program	14.905	MILHD0017-03	28,622
Loud Pazard Reduction Demonstration Flogram	14.905	MILHD0017-03 MILHD0142-05	1,648,887
			1,685,418

	Federal		
	CFDA		Federal
Year ended June 30, 2008	Number	Grant Award Number	Expenditures
			•
Department of Justice			
Violent Crime Initiative	16.580	2007-DD-BX-0065	\$ 73,013
Bulletproof Award	16.607	2006 BVP	17,653
Justice Assistance Grant	16.738	2005-DJ-BX-0417	21 220
Justice Assistance Grant	10.736	2003-DJ-BX-0417 2006-DJ-BX-0376	21,329
		2000-DJ-BX-0576 2007-DJ-BX-0506	188,760
		2007-DJ-BA-0300	64,799
			274,888
Total Department of Justice			365,554
Federal Emergency Management Agency			
Assistance to Firefighters	97.044	EMW-2005-FP-01702	992
Department of Homeland Security			
Assistance to Firefighters	97.044	EMW-2007-FO-11634	10,545
Total Federal Awards Distributed Directly to the City of Grand Rapids, Michigan			9,126,097

Year ended June 30, 2008	Federal CFDA Number	Grant Award Number	Federa Expenditure
Federal Awards Distributed Through the State of Michigan to the City of Grand Rapids, Michigan (Pass-Through)			
Department of Justice			
Bureau of Justice Assistance:			
Drug Court Program	16.738	2005-DJ-BX-0020	\$ 43,647
		2006-DJ-BX-0029	112,101
		2007-DJ-BX-0048	184,340
Metropolitan Enforcement Team (MET)		2006-DJ-BX-0029(70973-6-07-B)	80,487
Wetropolitan Emoreement Team (WET)		2007-DJ-BX-0048(70973-7-08-B)	228,377
		2007 D3 DA 0040(70773 7 00 D)	220,377
Start Treatment of Prostitutes		2006-DJ-BX-0029(72106-4-07-B)	23,432
			672,384
Crime Victim Assistance	16.575		
Domestic Assault Response Team (D.A.R.T.)	10.373	2004-VA-GX-0015(20510-10V-04)	29,086
Domestic Assault Response Team (D.A.R.T.)		2005-VA-GX-0040(20510-11V-05)	73,259
		2005 111 011 00 10(20210 11 1 02)	73,237
			102,345
Total Department of Justice			774,729
Department of Transportation			
Transportation Enhancement Grant	20.205	JJ2219	37,107
		RR4025	519
		RR4911	34,038
		RR5865	208,990
		RR5952	76,253
		YY0205	5,475
		HH4026	24,758
		RR3357	165,731
Total Department of Transportation			552,871

	Federal		
	CFDA		Federal
Year ended June 30, 2008	Number	Grant Award Number	Expenditures
			•
Department of Homeland Security			
Hazard Mitigation	97.039	A1346-68	\$ 115,783
Environmental Protection Agency			
Surveys etc Clean Air Act	66.034	AQD-01	95,059
T-4-1 F-11 American District Annual Theorems			
Total Federal Awards Distributed Through the State of Michigan to the City of			
Grand Rapids, Michigan (Pass-Through)			1,538,442
Orana Rapius, Menigan (1 ass-1 mough)			1,330,112
Department of Justice Passed Through			
Grand Valley State University			
Weed & Seed	16.595	2007-WS-Q7-0100	10,797
Project Safe Neighborhood	16.609	2006GPCX0063	22,491
Troject Sale Tverghoomood	10.00)	2007PG BX0009/2007GPCX0020	13,075
			35,566
PSN Enhanced Firearms Grant	16.744	2006PG BX0005(sub-award 209833)	14,555
Total Federal Awards Distributed Through the Department of Justice Passed Through			
Grand Valley State University			60,918
Total Federal Awards			\$10,725,457
			+ 10,720,.07

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available and the City has met the qualifications for the respective grant. Expenditures are recognized when a qualifying liability is incurred.

Local Contributions

Local matching contributions are required under the provisions of certain Federal grants. Local match contributions include local sources of revenue and in-kind amounts consisting of direct services supplied by City of Grand Rapids employees. For those programs requiring a local match, only the percentage of the program expenditures eligible for federal grant funds are reported.

2. Department of Transportation Programs

On July 13, 2000, the City of Grand Rapids and the State of Michigan Department of Transportation entered into a loan contract (#1999-1075) for a \$2,500,000 loan in support of the US 131 Reconstruction Project. The loan contract calls for repayment of the loan principal plus interest of 4% over a period ending July 1, 2012. The balance of the loan at June 30, 2008 is \$1,164,837.

The City receives federal aid in the construction and maintenance of its major and local streets and bridges. The City's portion of the project costs ranges from 10% to 25% depending on the nature of the project. Generally, all project administration, including receipt and disbursement of funds, is performed by the Michigan Department of Transportation. Since all project administration is performed by the Michigan Department of Transportation, federal aid in the construction of the City's major and local streets and bridges is not included in the Schedule of Expenditures of Federal Awards. A summary of current projects is as follows:

				Estimated
Index Code or Project No.	MDOT Job No.	Project Description	Total Project Cost	Federa Award
3570200265	87274	Grandville Ave from Clyde Park to Tulip	\$ 551,938	\$ 411,417
19C446	78246A	Traffic signal-Mi College, Fulton w/ward	240,708	192,566
19c504	80596	Traffic signal-Mi Fuller Lafayette	144,291	115,433
	84952A	Traffic signal-Mi Diamond Richmond Alpine	101,427	81,142
19c772	74887A	Ottawa-Hastings to Fairbanks	789,145	195,801
215543	74887A	6	-	-
19c887	100297A	Wealthy from Division to Lafayette	4,875,131	751,773
19c888	88918A	Cherry-Jefferson to Prospect	2,166,545	488,842
226533	88918A	, ,	-	, -
227911	88918A		-	_
19c890	86288A	Ann St over Grand River	686,020	528,481
227915			, -	-
213035	74874A	Division from Alger, Quigley	3,317,066	1,575,253
219928		Division from Alger, Quigley	· · · · · · · · · · · · · · · · · · ·	-
213036	74885	Division Quigley to Cottage Grove	2,893,266	1,506,164
227904		Division Quigley to Cottage Grove	-	-
227907		Division Quigley to Cottage Grove	-	-
213050	87274A	Grandville Ave from Clyde Park to Tulip	551,938	411,417
215560	86024A	Part A Division Ave and 28th	81,562	46,662
215570	88908A	Part A Cherry Hollister Warren	745,069	407,305
216924			-	-
22c774			-	-
215553	86069A	Hall-Buchanan to Division	1,315,432	543,510
216905			-	-
215561	74895A	Fuller-Wealthy to Lake Dr	526,937	82,839
216921			-	-
216911	88839A	Fuller-Franklin to Wealthy	3,057,906	1,089,726
226543	86068A	Kalamazoo-36th to 28th	592,824	484,817
226565	90375A	Leonard from Carpenter-Oakleigh	-	-
226566	87275A	Turner Ave-3rd St to 5th St	99,703	75,922

Project Totals			2008 Expenditures			
City Share	State Share	Others	Total City Payments	Payments to MDOT		
\$ 140,521 \$	- \$		\$ 131,521	\$ 131,521		
48,142	- Þ	-	12,192	12,192		
28,858	_		38,349	26,304		
20,285	_	_	30,349	7,646		
593,344	_	_	8,058	585		
373,3 44 -	_	_	25,249	1,591		
3,952,500	_	170,858	309,281	127,527		
1,677,703	_	170,030	162,120	146,863		
-	_	_	113,598	41,987		
-	_	_	1,518,524	1,401,707		
58,449	99,090	_	3,076	572		
-	-	_	62,803	1,024		
1,741,813	-	-	150,145	123,600		
, , -	-	-	77,548	77,548		
1,387,102	-	-	702,914	630,099		
- -	-	=	408,738	372,644		
-	-	=	241,447	110,676		
140,521	-	=	26,854	4,740		
34,900	-	-	1,204	1,060		
337,764	-	-	69,312	56,602		
-	-	-	30,786	30,628		
-	-	-	9,911	6,398		
771,922	-	-	234,362	103,869		
-	-	=	20,890	11,464		
444,098	-	-	3,966	3,239		
-	-	-	2,725	2,725		
1,720,515	-	247,665	1,036,172	875,362		
108,007	-	-	41,212	2,069		
-	-	-	355,480	196,477		
23,781	-	-	61,491	21,831		

				Estimated
Index Code or Project No.	MDOT Job No.	Project Description	Total Project Cost	Federal Award
227015 70c603 227917	101032A	Lyon from Division to Lafayette	\$ 1,969,151 \$ -	882,884
227917 227917 19c899	102248A	Kalamazoo from Burton to Alger	2,370,186	1,077,945
227555	55461A 45086A 55628A	R01-4 I 196 S14-3 and S14-4 of 41029 I 196 S16-4 of 41029 hw I 196	4,215,923 783,729 1,028,201	3,372,738 641,482 925,381
227555 227903 227907	56887 86203A	US 131 Ann to North city limits Part B US131 BR Mi St bridge	11,640,486 674,803	9,527,738
227903 227907	85037A	Mi St over US 131 bridge/Division	3,958,865	3,219,214
227906	100297A	Wealthy St Division to Lafayette	4,875,131	751,773

Project Totals					 2008 Exp	enditures
	City Share			Others	Total City Payments	Payments to MDOT
\$	865,546 - 1,047,253 - 105,129 15,514 9,350 41,626 84,350 - 115,031	\$ 738,056 126,733 93,470 2,071,122 590,453 - 624,620	\$	220,721 - - 244,988 - - - - -	\$ 250,149 38,657 650,191 - 91,950 77,144 - - 159,494	\$ 38,638 38,657 81,850 38,015 11,413 14,619 14,949 9,064 38,512 73,950 6,037 85,544 22,277
	3,952,501	<u>-</u>		170,857	2,355,867	878,888
						\$ 5,882,963

Schedule of Findings and Questioned Costs Year Ended June 30, 2008

Section I - Summary of Auditors' Results				
Financial Statements				
Type of auditors' report issued:		unqualified		
Internal control over financial reporting				
Material weakness(es) identified?		no		
Significant deficiency(ies) identification material weakness(es)?	ied that are not considered to be	yes		
Noncompliance material to financial s	statements noted?	no		
Federal Awards				
Internal control over major programs:				
Material weakness(es) identified?	no			
Significant deficiency(ies) identif material weakness(es)?	none reported			
Type of auditors' report issued on con	unqualified			
Any audit findings disclosed that are with Section 510(a) of <i>OMB Circ</i>	no			
Identification of major programs:				
CFDA Number	Name of Federal Program or Cluster			
14.218 14.239 20.205	CDBG Home Investment Partnership Transportation Enhancement Grants			
Dollar threshold used to distinguish b	\$ 321,000			
Auditee qualified as low-risk auditee	yes			
Section II - Find	dings Related to the Financial Statements	3		

Section III - Findings and Questioned Costs Federal Award

There were no findings or questioned costs.

See Finding 2008-1 on the next page.

Schedule of Findings and Questioned Costs Year Ended June 30, 2008

Findings Related to the Basic Financial Statements

2008-1 Corrected Misstatements

Condition

During the 2008 audit, entries were required to properly record other postemployment benefits (OPEB) in the proprietary fund types; to record disposal of land in the governmental activities financial statements and to correct payables in two funds and one component unit.

Criteria

The City should have controls in place over the preparation of the financial statements that provide for accurate reporting. Year-end general ledger balances should be reviewed and reconciled to supporting schedules to verify accuracy and completeness. This should include procedures to ensure that timely information related to payables is provided to the Comptroller's office by other departments.

Cause/Effect

Not all departments are getting information to the Comptroller's office timely which resulted in the above mentioned entries being made during the audit. The entries related to OPEB were the result of not understanding the requirements of GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Recommendation

Require all departments to provide information related to payables to the Comptroller's office timely to ensure complete and accurate recording of all liabilities. When new pronouncements are required to be implemented, make sure to obtain the actual pronouncement and any implementation guides. Implementation issues and interpretations should be discussed with staff and the auditor early in the audit process to ensure you both have the same understanding of the requirements.

Management Response

Management concurs with finding. The accounting for OPEB was complicated by the fact that the City has not established irrevocable trust funds and by the fact that the annual required contribution was not fully funded. It required consultation with our auditors and specific accounting implementation guide and publications owned by the auditors to ascertain the reclassification and additional expenditure recognition required by the accounting standards.

Summary Schedule of Prior Year Audit Findings Year Ended June 30, 2008

Finding Related to Basic Financial Statements

2007-1 Corrected Misstatements

Finding

During the 2007 audit it was discovered that the accrued payroll liability and cash in the General Fund were both understated by \$829,240. Also, accounts receivable and federal revenue in the Grants Fund were both understated by \$254,058.

Resolution

During 2008, the audit disclosed adjusting entries related to other postemployment benefits, vouchers payable and capital assets. See Finding 2008-1.

99 Monroe Avenue N.W., Suite 800 Grand Rapids, Michigan 49503-2654 Telephone: (616) 774-7000 Fax: (616) 776-3680

December 1, 2008

Members of the City Commission City of Grand Rapids, Michigan

Dear Members of the Commission:

We have audited the basic financial statements of the City of Grand Rapids, Michigan (the City) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. In planning and performing our audit, we considered the City's internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

During our audit, we noted certain matters involving accounting procedures, information systems and business practices that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve financial reporting practices or result in operating efficiencies.

We would be happy to further discuss our recommendations with you and provide whatever assistance you deem appropriate to implement these recommendations.

This memorandum is intended solely for the information and use of the City Commissioners, management and others within the City.

Very truly yours,

BDO Seedman, LLP

Memorandum of Recommendations Year Ended June 30, 2008

Memorandum of Recommendations

Customer Deposits

The Engineering Department is responsible for deposits submitted by private developers for development proposals submitted. As part of our audit we reviewed the Customer Deposit Activity for the General Capital Construction Fund. We noted that there appears to be a lack of communication with the Comptrollers' Office regarding the activity for these deposits. In October 2008 we discussed the reporting procedures with Engineering Department staff and found that they had not submitted the entry to be made to the Customer Deposit account to the Comptroller's office for year-end adjustments (the last update was actually sent in February 2008). As a result, the City's General Capital Construction Fund was misstated by approximately \$34,000 at June 30, 2008 and an adjusting entry was required.

Recommendation

The Engineering Department should review all Customer Deposit files for proper recognition prior to year-end and forward required journal entries to Comptroller's office in a timely manner.

Management's Response

A review of Customer Deposit files will be completed twice a year, once in mid-January and again at the end of July for the end of the fiscal year. This year has seen many changes from past practices and Engineering will continue to change procedures based on auditor recommendations.

New Pronouncements and Legislation

The Governmental Accounting Standards Board (GASB) has issued the following new pronouncements and exposure drafts.

GASB Statement No. 49, *Pollution Remediation Obligations*, identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. Liabilities and expenses would be estimated using an "expected cash flows" measurement technique, which will be employed by governments for the first time. The pronouncement identifies five obligating events which could trigger recording a liability. The requirements of this statement are effective for the fiscal year beginning July 1, 2008.

Memorandum of Recommendations

GASB Statement No. 51, Financial Reporting of Intangible Assets, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Examples of assets that may be considered intangible assets include easements, water rights, timber rights, patents, trademarks and computer software. This pronouncement will be effective for the fiscal year beginning July 1, 2009.

GASB Statement No. 52, Land and Other Real Estate Held for Investment by Endowments, establishes standards for the reporting of land and other real estate held as investments by endowments. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The requirements of this statement are effective for the fiscal year beginning July 1, 2008.

GASB Statement No. 53, Accounting and Reporting for Derivative Instruments, establishes accounting and financial reporting standards for all state and local governments that enter into derivative instruments (as defined in the statement) and addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivatives should be recognized and measured at fair value with changes recognized as investment income. Hedges must be evaluated for effectiveness. The approach is similar to private sector accounting and reporting. GASB plans to issue an Implementation Guide early in 2009. This pronouncement will be effective for the fiscal year beginning July 1, 2009.

GASB Exposure Draft, *Fund Balance Reporting*, eliminates the reserved fund balance category and replaces it with spendable and nonspendable fund balances. Spendable fund balance is further broken down into four categories: restricted, limited, assigned and unassigned. This pronouncement will be effective for the fiscal year beginning July 1, 2010.

The following recently enacted legislation was effective on November 1, 2008.

Fair and Accurate Credit Transactions Act (FACTA) requires creditors to develop and implement written identity theft prevention programs. If governments (municipal utilities) defer payments for goods or services they are considered creditors and must provide for the identification, detection and response to patterns, practices or specific activities (red flags) that could indicate identity theft.